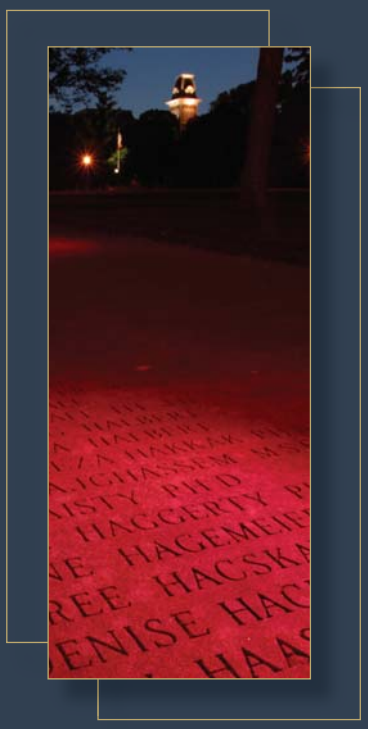

GAINING GROUND

A REPORT BY THE UNIVERSITY OF ARKANSAS 2010 COMMISSION

UNIVERSITY of ARKANSAS
1871
2010
COMMISSION

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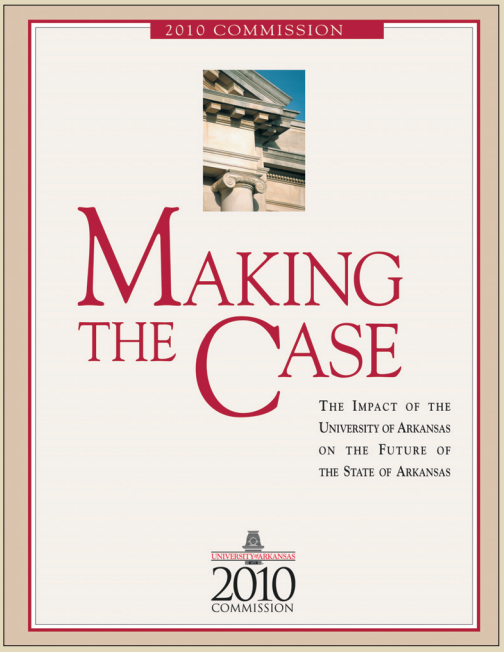
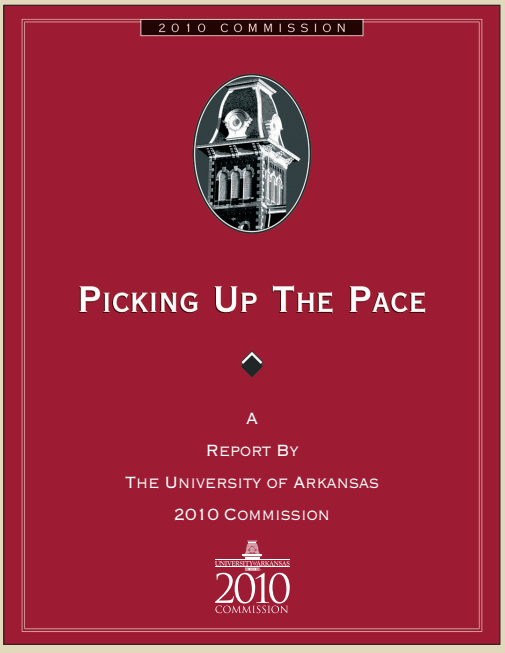
FOREWORD

The 2010 Commission—a group of more than 90 business, civic, education, and government leaders and students—was first charged by Chancellor John A. White in 2000 with studying and presenting a case for the importance of The University of Arkansas in the State's economic and cultural future. In September 2001, the Commission issued its first report: *Making the Case: The Impact of the University of Arkansas on the Future of the State of Arkansas*.



Making the Case—by several measures—was a success nationally and internationally. Indeed, accolades about the effectiveness of its contents were received from professionals far and wide in all segments of society. Particularly high praise came from higher education officials, including presidents and chancellors of peer institutions, who used the information on strategies in *Making the Case* to convince their own governing boards and legislatures of the need for increased financial support for their own institutions. *Making the Case* is cited in the most recent report (December 2004) from TheCenter, a research center at the University of Florida that focuses on the search for reliable ways of measuring institutional improvement "relative to the entire marketplace of top research universities."



As significant as the above-noted feedback was to the Commission's dedication, even more significant was the effect of *Making the Case* on UA faculty, staff, and students. For example, the Commission's first report served as a platform for a proposal that led to the $300-million gift from the Walton Family Charitable Support Foundation—the largest single gift to a public higher education institution.

A notable feature of the 2010 Commission's *Making the Case* initiative was the clear intention expressed by Commission members to continue their work and issue a series of reports throughout the first decade of the 21st Century. Accordingly, the Commission's second report—*Picking Up the Pace*—was prepared and published in March 2004.

Picking Up the Pace is notable for several features, including a series of testimonials from prominent leaders representing major segments of society. The nature of the testimonial comments ranges from the importance of the U of A to the State's economic development (S. Robson Walton, Chairman of the Board, Wal-Mart Stores, Inc.; Sybil J. Hampton, President, Winthrop Rockefeller Foundation; and Warren A. Washington, Chairman, National Science Board, among others) to the high quality of a UA education (David H. Pryor, former US Senator and Governor of Arkansas and currently Dean of the UA Clinton School) to the value of the 2010 Commission's work relative to the future of Arkansas' and the nation's higher education institutions (Ray M. Bowen, President Emeritus, Texas A&M University, and Mark A. Emmert, President of the University of Washington, among others). Beyond these specific comments, there are several proposals nationwide for the adoption of "2010 Commission-like" efforts among US public research universities.

Picking Up the Pace also received recognition for winning an Award of Excellence for explanatory material addressing public affairs issues from the Council for Advancement and Support of Education (CASE). The award recognizes the 2010 Commission as the recipient of the honor.

Gaining Ground

The 2010 Commission's work and its two reports have not only helped to document the University's successes but have also provided a unique impetus to planning and action, making it possible to do the following:

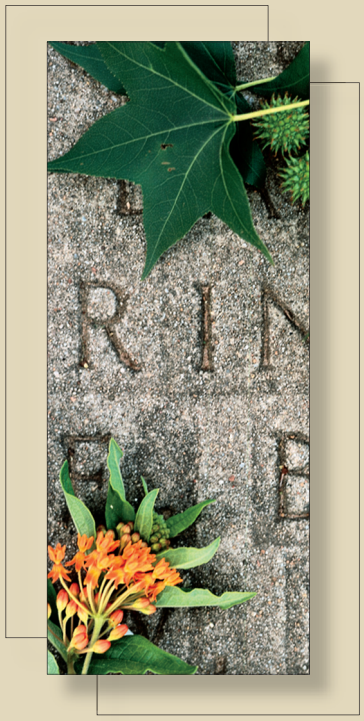
- Engage Commission members in critical thinking and discussion about the economic and sociopolitical landscape surrounding the University.
- Benchmark the U of A's progress on a broad array of Commission goals through a quantitatively driven report card.
- Elicit Commission recommendations to the Governor and General Assembly, the business community, and the UA academic community to assist the University in meeting its 2010 goals. Crafted by Commission members, these recommendations are put forth in the context of a considered understanding of the State and national context for higher education.
- Prompt the Commission to develop a set of additional topics for inclusion in its next report.
- Provide a context for data-driven examinations of institutional effectiveness as bases for changes and improvements consistent with the University's vision, mission, and goals.
- Continue a process and create products to serve as a platform for the self-study leading to the institution's application for reaccreditation by the Higher Learning Commission of the North Central Association in 2007.

Given the value of the achievements resulting from the Commission's work in moving the U of A toward its goals and the opportunities provided by the legislative session in 2005, Chancellor White charged the 2010 Commission with issuing a third report—*Gaining Ground*.

Gaining Ground is a mid-course assessment offering the Commission the chance to measure the University's progress during the first half of the 2000-2010 decade and suggesting new efforts that will assist the University in meeting its 2010 goals. Achieving the Commission's 2010 goals will most assuredly prove of great benefit to our State, nation and world.

Reynie Rutledge, Sr., Chair
2010 Commission

Bob Smith, Executive Secretary
2010 Commission



EXECUTIVE SUMMARY

The 2010 Commission was created to obtain widespread participation in developing a plan for The University of Arkansas for the first decade of the 21st Century—a plan that will position Arkansas to compete as one of the nation's strongest states. In its first two reports, *Making the Case* and *Picking Up the Pace*, the 2010 Commission objectively examined the University's performance and brought widespread attention to the U of A's efforts to emerge as a nationally competitive, student-centered research university.

The third report of the 2010 Commission, *Gaining Ground*, is a mid-course assessment. The report evaluates the progress—and ground yet to be gained—since the formation of the 2010 Commission.

> "State money is spread too thin across 43 four- and two-year schools in a state with the second-lowest percentage of residents with four-year degrees."
>
> —*The Morning News*, March 3, 2004

Key Findings

Among the findings in *Gaining Ground* are the following:

1. State appropriations to The University of Arkansas are not keeping pace with projections made in *Making the Case*.

   State appropriations to The University of Arkansas continue to lag. To achieve 2010 goals, the Commission projected State appropriations for fiscal year 2004 (FY04) needed to be $124.1 million. Actual unrestricted State appropriations in FY04 were $97.3 million, a shortfall of $26.8 million.

   Nationally and in Arkansas, the responsibility for funding public higher education continues to shift from the states to students and their families. The University of Arkansas has been forced to turn to tuition to help make up the difference between what has been supplied by the State and what has been needed to continue to move the University forward. While UA tuition increases have been smaller than those in many peer states, increased tuition is not an acceptable alternative to adequate State support.

2. Tuition revenues for FY04 exceeded projections made in *Making the Case*.

   Tuition increases partially offset both State appropriation shortfalls and slower-than-projected enrollment growth at The University of Arkansas.

3. The 2010 Commission supports the Arkansas Department of Higher Education's funding formula.

Recently, the Arkansas Department of Higher Education (ADHE) released a proposed funding formula for higher education in Arkansas. The ADHE funding formula recognizes the unique roles of Arkansas' institutions of higher learning and advocates increased funding of The University of Arkansas' research mission.

Based on semester credit hours taught during 2004, ADHE's funding formula shows UA state appropriation for FY05 is $33.5 million less than it should be. To place in context the $33.5 million gap in state funding, the UA endowment of $626 million would have to increase to $1.37 billion to generate enough funding to replace the $33.5 million gap in State support.

> "The head of the University of Arkansas at Fayetteville has been leading a charge to improve academic performance and, thereby, improve the reputation of his school. He's made some remarkable strides."
>
> —*Arkansas Democrat-Gazette,* January 25, 2005

4. Despite fiscal concerns, The University of Arkansas has improved academic quality and reputation and the quality of the student body. However, enhancement of diversity within the student body has not occurred as quickly as needed.

The University of Arkansas enrolled 2,514 high-caliber freshmen in Fall semester 2004. Spring commencement 2004 honored 3,268 graduates, including 110 doctoral graduates.

The University of Arkansas' progress has gained national recognition, as well. *US News and World Report: America's Best Colleges 2005* ranked the University in its top tier for the first time in its history. The report also ranked the U of A among the top US public universities—one of only 64—for the first time. The University was also ranked for the first time within the first tier of public and private research universities in the December 2004 report of TheCenter, titled *The Top American Research Universities*.

Regarding the commitment to enhancing diversity, the number of African-American students enrolled has been flat or down slightly the past two academic years, while enrollment among students from other underrepresented groups has generally increased. The record of academic achievement among African-American students is improving steadily. In his Fall 2004 State of the University address, Chancellor John A. White identified enhancing diversity as the top priority among the five institutional goals.

5. Private support has been outstanding.

The University of Arkansas enjoyed two of the best fundraising years in its history in FY03 and FY04. The Council for Aid to Education ranked The University of Arkansas in the top four universities in fundraising for FY03, along with Harvard, Stanford, and Penn. The University made the No. 22 spot for FY03 on *The Chronicle of Philanthropy*'s annual ranking of the top 400 nonprofit organizations. FY04 private giving to the University totaled more than $83 million. The University's ranking within the first tier of public and private research universities in the December 2004 report of TheCenter, described previously, is due primarily to private fundraising success, though the University's performance in terms of its growth in endowment and research funding also contributed to this result.

6. The State's General Improvement Fund needs to be invested more strategically.

Public higher education has critical funding needs for new and renovated facilities. Increased funding for facilities and technology at the State's public universities will yield great returns to the State of Arkansas.

7. Arkansas must be included on the eCorridor. Support should be given to National LambdaRail to ensure that Arkansas joins in the new high speed fiber-optic national network.

National LambdaRail (NLR) is a major initiative of US research universities and private sector technology companies to provide a national scale infrastructure for research and experimentation in next-generation internet, networking technologies, and applications. Linking Arkansas to NLR would give researchers at The University of Arkansas and throughout the State access to information from the nation's research universities. NLR would ensure that the high-tech businesses Arkansas needs to attract will find the infrastructure necessary to succeed. Arkansas should follow the examples of Oklahoma and Louisiana and join National LambdaRail as a full member.

Recommendations

In each report, the 2010 Commission recommends actions necessary in the months and years ahead if The University of Arkansas is to fully realize its vision as a nationally competitive, student-centered research university serving Arkansas and the world.

Twenty-eight recommendations are made in *Gaining Ground*. Twelve are directed to the Governor and the General Assembly;

seven are intended for business leaders in Arkansas; and nine are aimed at The University of Arkansas community—trustees, benefactors, students, faculty, staff, administrators, alumni, and friends. Some are a continuation of those made in earlier reports, but many have been updated to reflect progress since the publication of *Picking Up the Pace* and *Making the Case*.

RECOMMENDATIONS FOR THE GOVERNOR AND GENERAL ASSEMBLY

Recommendation #1

Gain ground nationally by making higher education funding a top priority.

Recommendation #2

Adopt the funding formula developed by the Arkansas Department of Higher Education (ADHE).

Recommendation #3

Support the University's vision and five major goals and provide the increased funding necessary to gain ground in achieving them. Hold the University accountable for the goals it has set and reward it as the goals are achieved.

Recommendation #4

Upgrade the State's information systems infrastructure, ensure that Arkansas is included in the nation's eCorridor, and fund a statewide digital library for use by public libraries, as well as public and private colleges and universities.

> "Less than three years after its initial report the University of Arkansas at Fayetteville 2010 Commission has another message for legislative leaders: Research universities deserve priority for state funding."
>
> —*Arkansas Democrat-Gazette*
> March 3, 2004

Recommendation #5

Build the State's research capacity, particularly at institutions showing the greatest promise for research and scholarship. Increase the amount of funds available to all university researchers for required matches on competitive research grants. Continue to use tobacco settlement funds to support the Arkansas Biosciences Institute.

Recommendation #6

Support mandatory ACT testing of juniors in high school. Too few Arkansas high school juniors are taking the ACT.

Recommendation #7

Invest strategically the State's General Improvement Fund based on a statewide plan for competing in the knowledge-based economy of the 21st Century. In particular, identify and prioritize key areas and institutions best positioned to strengthen the State's intellectual infrastructure in research, science, technology, education, and medicine.

Recommendation #8

Leverage private support by creating a dedicated State fund to match private gifts to endow professorial chairs and academic programs and to construct academic buildings.

Recommendation #9

Enhance incentives for venture capital and for high technology firms to locate in Arkansas, as well as retain and strengthen in-state companies to prevent them from migrating elsewhere.

Recommendation #10

Provide institutional incentives for rapidly increasing the percentage of Arkansans with baccalaureate and advanced degrees (master's, professional, and doctoral).

Recommendation #11

Provide incentives for two- and four-year institutions to collaborate by offering degrees on other campuses, thereby avoiding unnecessary duplication, and expanding opportunities for Arkansans.

Recommendation #12

Support efforts to recruit high-ability students from other states and nations to attend college in Arkansas, thus helping build the technical workforce needed for the 21st Century economy.

RECOMMENDATIONS FOR BUSINESS LEADERS

Recommendation #13

Gain ground by investing in and becoming more involved in higher education institutions. Provide increased philanthropic support. Sponsor research projects and contracts that benefit business. Offer more opportunities for college students through internships, externships, and mentoring programs.

Recommendation #14

Actively support the current Commission's recommendation for increased funding for Arkansas public higher education and adoption of ADHE's funding formula.

Recommendation #15

Support the recommendations in *Arkansas' Position in the Knowledge-Based Economy: Prospects and Policy Options*.

Recommendation #16

Consider the long-term value of hiring employees with four-year degrees to enhance corporate skill sets and assist the State in increasing the number of adults having at least a bachelor's degree.

Recommendation #17

Pay nationally competitive salaries for college graduates and provide competitive benefits to attract outstanding new talent to Arkansas and stem the exodus of outstanding native talent to other states.

Recommendation #18

Provide time, opportunities, and financial incentives for employees to obtain bachelor's and advanced degrees (master's, professional, and doctoral).

Recommendation #19

Define workforce development needs and communicate them to colleges and universities.

Recommendation #20

Provide more educational opportunities and educational infrastructure for employees on site and/or in the context of their lives. Invest in distance learning on company sites or work with other businesses, local high schools, and colleges and universities to gain access.

RECOMMENDATIONS FOR THE UNIVERSITY OF ARKANSAS COMMUNITY

Recommendation #21

Continue to *gain ground* in 1) enhancing academic quality and reputation; 2) increasing the size and quality of the student body; 3) enhancing the diversity of the faculty, staff, and student body; 4) increasing private support; and 5) increasing federal and State support.

Recommendation #22

Continue to support the vision of The University of Arkansas as a nationally competitive, student-centered research university serving Arkansas and the world.

Recommendation #23

Achieve the University's 2010 goals of enrolling 22,500 students, including 4,000 minority students; retaining 88 percent of freshmen; and graduating 66 percent of entering students within six years. Meet 2010 annual research goals, including $100 million in new awards, $150 million in expenditures, and $50 million in federal expenditures. Increase annual private giving to $100 million and endowment to $1 billion by 2010. Secure operating revenues (from State support and tuition) of $380 million by 2010.

> "We must do everything possible to make all Arkansans aware of the value of a college education. A high school diploma is no longer enough in the new economy."
>
> —Governor Mike Huckabee, *A Lasting Legacy*

Recommendation #24

Develop a more concerted effort between the University and the Arkansas Congressional delegation to seek out and support opportunities to bring federal research funds to the State.

Recommendation #25

Provide leadership for the education systems in the State, private and public.

Recommendation #26

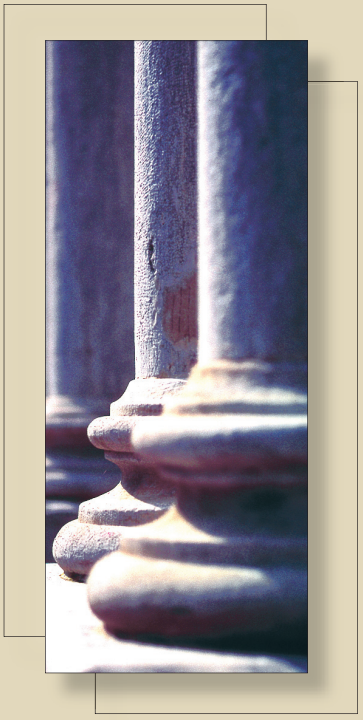
Encourage students and parents to realize higher education is an investment, not an expense.

Recommendation #27

Create a communication and marketing plan to ensure that *Gaining Ground* is seen, heard, and understood by key opinion leaders and constituencies across the State.

Recommendation #28

Strive to be counted among the nation's best public research universities. Communicate that The University of Arkansas offers its State a direct path toward success in the knowledge-based economy of the 21st Century.



INTRODUCTION

Five years ago, 92 business, government, and education leaders throughout Arkansas who share a vision for a stronger University of Arkansas and a stronger State were identified. This group, called the 2010 Commission, came together to study the challenges facing higher education in America and the benefits of having a nationally competitive research university in Arkansas. The Commission's first two reports—*Making the Case* and *Picking Up the Pace*—present arguments for increased support of the U of A and offer a blueprint for positioning The University of Arkansas as one of the nation's great research universities in service to its students, to Arkansas and to the world.

> "Graduate more students, since the more education a person has, the higher his income is likely to be."
>
> ***—Arkansas Democrat-Gazette,*** September 25, 2004

Since the publication of *Picking Up the Pace*, the State of Arkansas has seen one of the largest tax increases in its history and the passage of legislation that requires that K-12 education be fully funded as the first priority in the State's budget. K-12 funding continues to occupy a significant share of the attention of the General Assembly. This development raises concerns regarding the share of funding the University can reasonably expect to receive. The University of Arkansas is already underfunded by roughly $34 million dollars per year. Statewide the funding shortfall for the State's four-year institutions totals $108.7 million. Continued underfunding of public higher education will have lasting, detrimental effects.

Despite these challenges, The University of Arkansas is in the midst of a period of unprecedented progress and growth. *Gaining Ground*, the third report from the 2010 Commission, is a mid-course assessment by the Commission of the University's progress and what remains to be accomplished in order to meet the goals set at the beginning of the Commission's term. *Gaining Ground* also examines the state of higher education in Arkansas and the nation, offers recommendations to State, University and business leaders, and provides extensive benchmarking data.

In the *Gaining Ground* section, "Progress to Date," the 2010 Commission reviews The University of Arkansas' gains in meeting its five institutional goals:

- Enhancing academic quality and reputation.
- Increasing the size and quality of the student body.

- Enhancing diversity among students, faculty, and staff.
- Increasing public support, particularly from federal and State governments.
- Increasing private support.

"Progress to Date" also discusses the benefits that the University offers to Arkansas through its skilled graduates, its positive impact on the State economy, its research and outreach missions, and its partnerships with other Arkansas institutions of higher education.

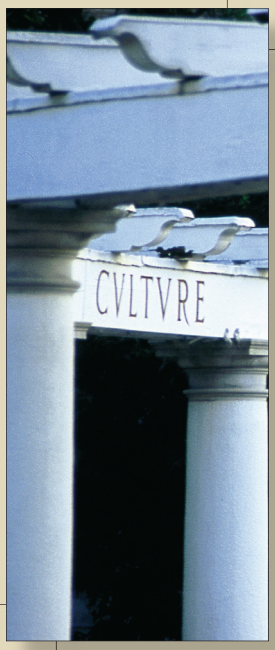
The next major section of *Gaining Ground*, "Discussion of Significant Developments," highlights the political and educational landscape in the State of Arkansas. Special attention is given to the 2010 Commission's endorsement of the Arkansas Department of Higher Education's funding formula. Other topics discussed include:

- The K-12 Funding Mandate
- Assuring High School Students' Access to the ACT
- The Blue Ribbon Committee on Higher Education
- Accelerate Arkansas and *Arkansas' Position in the Knowledge-Based Economy*
- The Role of Private Support in a Public University

Old Main, the most recognizable landmark on campus, symbolizes The University of Arkansas as it *gains ground* among the nation's finest research universities.

"Recommendations to State Leaders" offers twenty-eight action items for the consideration of Arkansas' government, business, and academic leadership. These recommendations, if acted upon, will help public higher education, in general, and The University of Arkansas, in particular, meet its potential for service and achievement on behalf of its students, State and the world. Many recommendations have been added and revised since the 2010 Commission's last report, *Picking Up the Pace*.

The appendices offer a wealth of data regarding The University of Arkansas, as well as State and national higher education and economic performance.



PROGRESS TO DATE

In 1999, The University of Arkansas' leadership developed a progress report (Table 1, page 12) to track the various and equally important factors in the U of A's achievement of its goals. For the University to realize its vision of being a nationally competitive, student-centered research university serving Arkansas and the world, it must meet its five institutional goals:

- Enhancing academic quality and reputation.
- Increasing the size and quality of the student body.
- Enhancing diversity among students, faculty, and staff.
- Increasing public support, particularly from federal and State governments.
- Increasing private support.

> "Education is becoming the lifeblood of Arkansas. It will be the difference maker. The challenge is to get parents and their children to seek a higher education and attain bachelor's, master's and doctoral degrees…If we do a good enough job of this over time, we'll be able to recruit high-tech businesses as well as any other state."
>
> —Tim McFarland, Chairman, Advantage Arkansas
> ***Arkansas Democrat-Gazette,***
> September 22, 2004

Progress Toward the Five Institutional Goals

1. Enhancing Academic Quality and Reputation

A good indication of The University of Arkansas' progress is its rapidly increasing academic reputation, as determined by college guides and other national rankings.

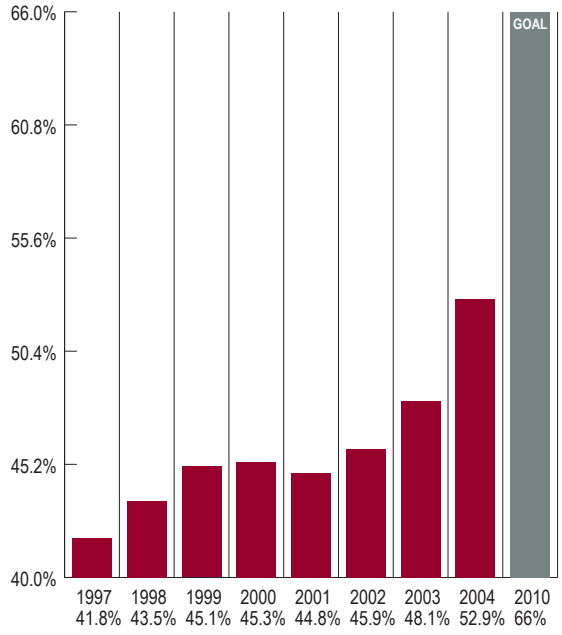
- In *US News and World Report: America's Best Colleges 2005*, The University of Arkansas ranked in the top tier of American colleges for the first time in its history. The U of A is ranked 120th among the nation's private and public universities. The University is also ranked among the nation's top public universities—one of only 64 so ranked—for the first time in its history.
- The Princeton Review's *The Best 357 Colleges* (2005 Edition) named The University of Arkansas one of the 20 "Best Bargains" in the country. The University tied for 5th in academic ranking among the universities of the SEC.
- *The Fiske Guide to Colleges* (2005 edition) named The University of Arkansas one of the nation's best colleges. The University maintained its three-star rating in academic quality.

Table 1: University of Arkansas Progress Report

Performance Measure	1997	1998	1999	2000	2001	2002	2003	2004	2010 GOAL
Freshman ACT (F)	23.5	24.0	24.9	24.8	24.8	25.0	25.4	25.4	26.5
Freshman HSGPA (F)	3.40	3.46	3.51	3.52	3.54	3.57	3.60	3.57	3.65
Freshman Upper Decile % (F)	28%	32%	36%	32%	35%	35%	36%	36%	50%
Freshman Mid-Yr Retention (FS)	90.5%	92.8%	94.1%	92.5%	93.5%	92.6%	93%	92.9%	96%
Freshman Year Retention (FF)	73.2%	74.1%	77.2%	81.7%	81.7%	82.2%	82.7%	83.7%	88%
New Freshman Enrollment (F)	2,240	2,556	2,268	2,283	2,332	2,251	2,357	2,514	3,000
National Merit Scholars (F)	90	104	120	108	105	109	106	126	250
Undergraduate Enrollment (F)	11,974	12,300	12,358	12,550	12,859	12,929	13,125	13,817	17,000
Graduate Enrollment (F)	2,766	2,760	2,868	2,846	2,936	3,106	3,324	3,452	5,500
New Transfer Enrollment (F)	1,157	1,206	1,264	1,178	1,230	1,150	1,264	1,234	1,850
Total Minority Enrollment (F)	1,728	1,785	1,858	1,907	1,938	2,028	2,021	2,089	4,000
Total Enrollment (F)	14,740	15,060	15,226	15,396	15,795	16,035	16,449	17,269	22,500
UG 6-Yr Graduation Rate (S)	41.8%	43.5%	45.1%	45.3%	44.8%	45.9%	48.1%	52.9%	66%
Bachelor's Degrees Awarded (AY)	1,756	1,741	1,902	1,889	1,935	2,028	2,291	2,194	3,585
Doctoral Degrees Awarded (AY)	112	121	94	86	90	106	120	110	185
Master's & Other Degrees Awarded (AY)	864	850	843	872	848	864	907	964	1,295
Total Degrees Awarded (AY)	2,732	2,712	2,839	2,847	2,873	2,998	3,318	3,268	5,065
Research: New Awards (FY)	$41.2M	$42.3M	$41.5M	$49.1M	$59.3M	$52.6M	$48.4M	$62.7M	$100M
Research: Expenditures (FY)	$73.7M	$78.1M	$63.2M	$75.9M	$83.8M	$88.3M	$87.4M	$95.8M	$150M
Research: Federal Expenditures (FY)	$16.7M	$16.4M	$16.1M	$21.9M	$24.2M	$28.7M	$27.8M	$32.4M	$50M
Private Giving (FY)	$28M	$36M	$98M	$83M	$62M	$64M	$365M	$83M	$100M
Endowment (FY)	$119M	$142M	$220M	$245M	$234M	$215M	$494M	$626M	$1B
Unrestricted E&G (FY)	$138.3M	$148.5M	$161.0M	$184.9M	$195.6M	$197.4M	$202.3M	$208.8M	$380M

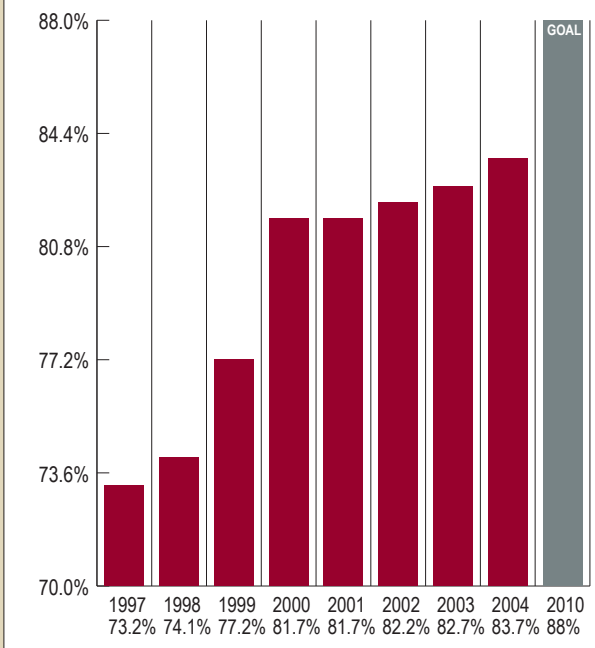
Legend: AY (academic year); F (fall); FF (fall to fall); FS (fall to spring); FY (fiscal year); S (spring)

Figure 1: UA Six-Year Graduation Rates



- The University of Arkansas was included for the fourth consecutive year in *America's 100 Best College Buys*. The "best buys" are institutions that combine high academic quality with comparatively low cost.
- For the first time the University was ranked within the first tier of public and private research universities in TheCenter December 2004 report, *The Top American Research Universities*. This ranking was heavily influenced by private fundraising success. The University's performance in terms of its growth in research funding also contributed to this result.
- Research awards to The University of Arkansas are up 29.6 percent for FY04, for a total of $62.7 million, up from $48.4 million in FY03.
- Research expenditures for FY04 were $95.8 million, up from $87.4 million in FY03.
- The six-year graduation rate, based upon the 1998 new freshman class, was 52.9 percent for 2004, up from 48.1 percent in 2003 (Figure 1). This marks the first time the graduation rate has exceeded 50 percent since this figure has been tracked.

Figure 2: UA Freshman Year Retention Rates



- Retention for Fall 2004 also increased, with 83.7 percent of first-time, full-time, degree-seeking freshmen enrolled during the previous year returning to campus for the new academic year (Figure 2).

2. Increasing the Size and Quality of the Student Body

The University of Arkansas continues to make steady progress in increasing the size and quality of its student body.

- Enrollment for Fall 2004 was 17,269. This is the largest enrollment in the history of The University of Arkansas.
- The average ACT score of incoming freshmen for Fall 2004 was 25.4.
- The average high school grade point average of incoming freshmen for Fall 2004 was 3.57.
- In 2004, the University awarded 3,268 degrees (bachelor's, master's, and doctorates).
- Among the graduates were 110 doctoral graduates. This accomplishment will likely place The University of Arkansas in exceptional company, qualifying it to be recognized in the top tier of institutions tracked by the Southern Regional Education Board.

The University of Arkansas continues to make steady progress in increasing the size and quality of its student body. The U of A also has enacted several measures in its drive to enhance campus diversity. In his 2004 State of the University Address, Chancellor John White said, "Increasing the diversity...is the very highest priority of this administration."

- The University of Arkansas ranked 12th nationally in the percentage of first-time, full-time, degree-seeking freshman National Merit Scholars enrolled in US public universities in 2003. The University ranked 24th in the number of freshman National Merit Scholars, with 40, among public universities in 2003 (Appendix G).
- University of Arkansas students have achieved a remarkable acceptance rate into medical schools. For four-year honors applicants, the acceptance rate is 90 percent. For all honors students the rate is 85 percent, and the overall UA acceptance rate is 74 percent. The national average is 50 percent.
- Of the 13,817 undergraduate students enrolled at the U of A, 11,758, or 85.1 percent, are from Arkansas.

3. Enhancing Diversity Among Students, Faculty, and Staff

The University of Arkansas is working hard to diversify the student body as well as the faculty and staff. In his 2004 State of the University Address, Chancellor John White made UA diversity the focus of his speech:

"Increasing the diversity of the staff, faculty, and student body is the very highest priority of this administration... Diversity matters most because it is integral to building the quality and strength this institution must have to compete on a national and international level. Because the things that power the highest achievements of universities – things like intellectual muscle, mental energy, and intestinal fortitude – do not have a skin color or come in only one kind of human package. Because learning absolutely requires the willingness to tolerate change and to embrace not only the established and venerable cannon but also the new and different discovery, the cutting edge, the unknown.

"We must prepare our students to enter a world that is changing rapidly – one that is increasingly diverse. We must prepare them to work with and for people who do not look like themselves, sound like themselves, think like they do, or believe as they do.

"Diversity is a strength to be pursued, not a requirement to be met. We pursue it avidly, and we will not be stopped."

The University of Arkansas has enacted several measures in its drive to enhance campus diversity. The Diversity Task Force, formed in 2000, crafted a blueprint for execution during the remaining years of this decade. After conducting a national search for a newly created senior administrative position, the Associate Vice Chancellor for Institutional Diversity and Education, the University filled the position in January 2005.

In Fall 2004, The University of Arkansas welcomed the first class of Silas Hunt Distinguished Scholars. These 66 students hold awards named in honor of the first African-American admitted to the University in modern times.

The Silas Hunt Distinguished Scholarships are competitively awarded to students from under-represented communities who have demonstrated outstanding academic leadership qualities and potential. Recipients include students of under-represented ethnic or minority groups, students with interest in fields of study that do not typically attract members of their ethnicity or gender, students from under-represented counties in Arkansas, and first-generation college students.

The first class of Silas Hunt Distinguished Scholars is highly qualified academically. Their average ACT score is 26.94, and, overall, their high school grade point average is 3.85.

The National Conference for Community and Justice (NCCJ, formerly known as the National Coalition of Christians and Jews) is assisting the University with another program designed to enhance campus diversity and understanding. It offers training for faculty and staff members to increase individual awareness about issues relating to diversity, multicultural perspectives, and personal differences.

This program, entitled *Our Campus: Building a More Inclusive University of Arkansas*, seeks to create a welcoming University of Arkansas community. To date, almost nine hundred employees of the University have taken part in the NCCJ program.

In 2005 NCCJ named Chancellor John White the Humanitarian of the Year, its highest honor. The Humanitarian of the Year Award is given to community members who promote understanding and respect among diverse groups and individuals.

Figure 3: UA Five-Year Graduation Rates

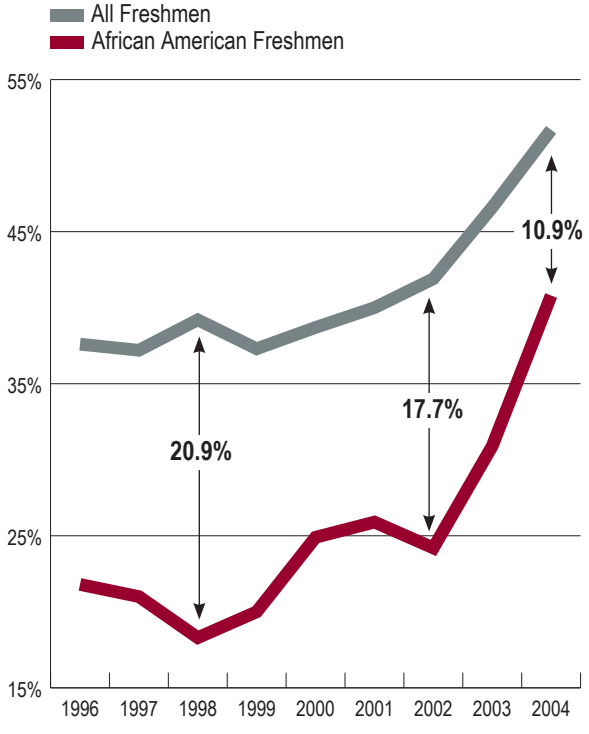


Figure 4: Actual UA Tuition Revenue Growth vs. Projected Growth (in '000s)

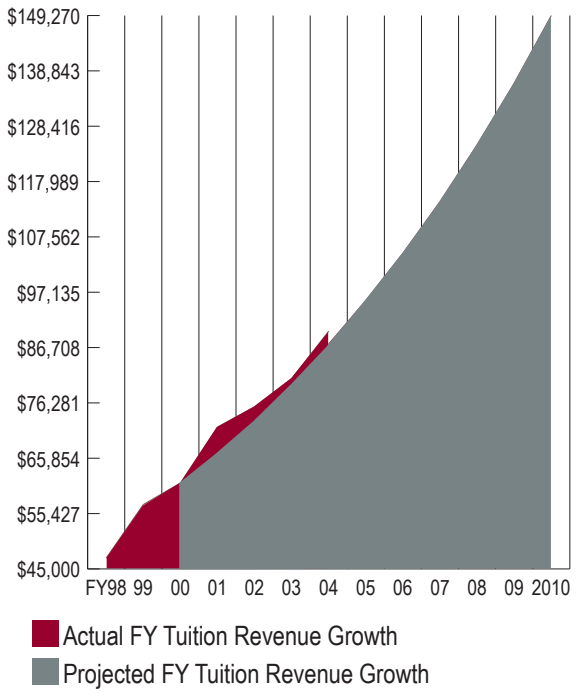
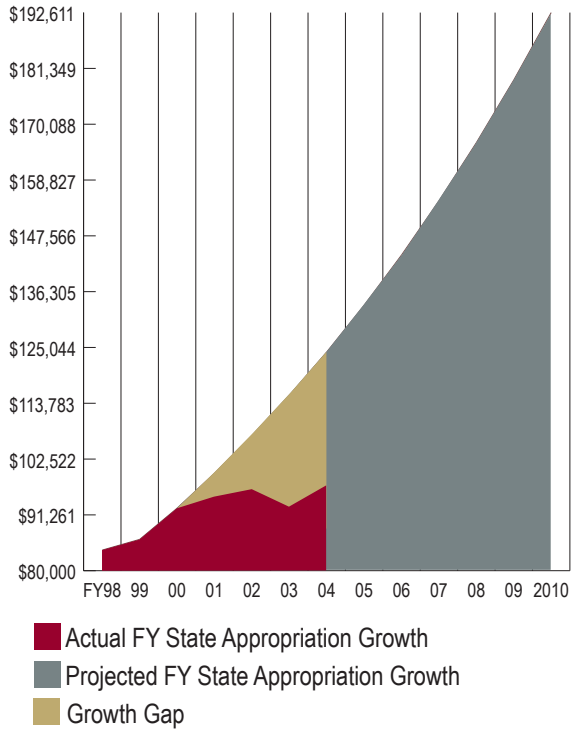


Figure 5: Actual UA State Appropriation Growth vs. Projected Growth (in '000s)



Other measures to consider:

- Non-majority students comprised 17.3 percent of the student body in Fall 2004, as opposed to 17.7 in Fall 2003.
- American Indian enrollment increased 17.3 percent from 300 to 352 students.
- Asian-American enrollment grew 6.8 percent from 429 to 458 students.
- Hispanic-American enrollment increased 3.8 percent from 287 to 298.
- African-American student enrollment decreased 2.4 percent from 1,005 to 981.
- 15.6 percent of UA faculty are members of minority populations, up from 10.6 percent in 1997.
- 12.5 percent of UA staff are members of minority populations, up from 9.6 percent in 1997.
- Based on five-year graduation rates (Figure 3), there is reason for optimisim that African-American graduation rates will soon equal overall graduation rates at The University of Arkansas. Historically, the six-year rate is approximately six percent greater than the five-year rate. Clearly, the U of A is closing the gap that has existed between the overall and the African-American rates.

4. Increasing Public Support, Particularly from Federal and State Government

The University of Arkansas has made progress in federal support of its research programs. However, the University faces challenges in State support. In *Making the Case*, the 2010 Commission developed factors in support of projected modest growth in State appropriations to The University of Arkansas. These projections have not been met. As a result, the University has instituted tuition increases greater than projected by the 2010 Commission, but these increases are not sufficient to support the long-term growth of The University of Arkansas.

- Tuition revenue for FY04 was above the projection in *Making the Case*. As shown in Figure 4, the University was roughly $2,385,000 ahead of projections in tuition revenue growth.
- State appropriations to The University of Arkansas have lagged projections in *Making the Case*. To achieve 2010 goals, the Commission projected State appropriations for FY04 needed to be $124.1 million. Actual State appropriations in FY04 were $97.3 million, a shortfall of $26.8 million (Figure 5).
- Research awards to The University of Arkansas are up 29.6 percent for FY04, for a total of $62.7 million, up from $48.4 million in FY03.
- The Fulbright College of Arts and Sciences had a record year in winning extramural funding, securing grants of $27,408,401. This is nearly double the previous year's total.
- Research expenditures for FY04 were $95.8 million, up from $87.4 million in FY03.

Figure 6: The University of Arkansas' Performance Within a Set of 54 Peer Universities

↑	Academic Reputation	Gained 5 Positions
↑	ACT "Mid-Range" Score	Gained 17 Positions
↑	Average High School GPA	Gained 9 Positions
↑	Freshmen Percent in Top 10% in High School	Gained 5 Positions
↑	Freshman Retention Rates (4-Yr Rolling Average)	Gained 12 Positions
↑	State Appropriation per Student*	Gained 1 position
↑	Undergraduate Acceptance Rates	Gained 4 positions
↔	6-Year Graduation Rates	Maintained Last Position
↔	Sum of Appropriation and Tuition*	Maintained 42nd Position
↓	Student to Faculty Ratio	Lost 19 Positions
↓	Undergraduate Classes w < 20 Students	Lost 2 Positions
↓	Undergraduate Classes w > 50 Student	Lost 2 Positions
↓	Weighted Average Tuition*	Lost 6 positions

*The relative changes in ranking are based on fall 1997 data versus fall 2004 data, with the exception of tuition and state appropriation, which are based on FY99 data versus FY05 data.

Detailed benchmarking data can be found in Appendix E.

5. Increasing Private Support

Private support to The University of Arkansas continues to be spectacular. The University's friends, alumni, and benefactors have embraced the vision of making The University of Arkansas a *nationally competitive, student-centered research university serving Arkansas and the world*.

- The Council for Aid to Education ranked The University of Arkansas in the top four universities in the nation in fund-raising for FY03, along with Harvard, Stanford, and Penn.
- *The Chronicle of Philanthropy* ranked the University 22nd in its annual ranking of the top 400 nonprofit organizations for FY03.
- For FY04, the University raised $83.3 million, one of its best fundraising years ever.
- The University's endowment has risen over half-a-billion dollars in seven years, to more than $626 million. For the first time, the University was ranked within the first tier of public and private research universities in TheCenter's December 2004 report, described more fully under goal number 1 in this section. This ranking was heavily influenced by private fundraising success and to a lesser but still significant degree by endowment growth.

Summary

Based on benchmarking data (Appendix E and Figure 6), the 2010 Commission concludes that The University of Arkansas is *gaining ground* in areas related to academics and quality of incoming students. Indicators in the Progress Report suggest that The University of Arkansas is on track to achieve its quality-related "input goals" for students. The University is also making significant gains toward the overall enrollment goal. Research and private fund-raising goals are within reach, but more effort is needed to achieve the diversity goals.

While the enrollment growth at the University is a positive sign, greater enrollment has not been coupled with increased State support. As indicated in Figure 6, the University of Arkansas is *losing ground* in areas that are a function of State-supported finances, e.g., student-to-faculty ratio and class sizes. Substantial increases in state appropriations are needed for the University to achieve the funding goals initially proposed in *Making the Case*.

Based on the data included in Appendix E and Appendix H, if the 2010 projection had been met for FY05 state appropriations, the University would have ranked 32nd in the sum of state appropriations and tuition resources, rather than 42nd. The difference of ten positions in the benchmark set represents a short fall of $34 million in State support. As it stands, The University of Arkansas is *holding ground*, rather than *gaining ground* against its national peers.

During the economic downturn in the first half of the decade, many states were forced to decrease funding appropriated to public higher education. To meet the increasing costs of public higher education, many peer public research universities increased

tuition at double-digit percentage rates. In an effort to keep UA tuition affordable for Arkansas' students, the University did not resort to double-digit percentage tuition increases. Although the University of Arkansas *lost ground* within the benchmark set of public institutions with respect to tuition resources, it maintained its position as one of the nation's "best buys" in higher education.

Fortunately, elected leaders in Arkansas understood the need to maintain affordable tuition levels and worked hard under stringent economic circumstances to ensure that the University did not *lose ground* in terms of State appropriation per student. For the University to have the economic resources necessary to *gain ground* against its national peers, increased state support will be required.

> "The impact of the University of Arkansas… is so great and covers so many areas that it's inestimable…The staff, services and facilities at the UA provide incredible opportunities for our students and teachers."
>
> —Bobby New,
> *Northwest Arkansas Times*,
> February 1, 2005

Nationally, as well as in Arkansas, the question remains: who should pay for public higher education—the student or the State? Steep tuition increases effectively decrease the number of students who can afford a college education, and Arkansas desperately requires more college graduates. If Arkansas hopes to increase the number of citizens with a college education, it is imperative that the State invest in public higher education. All indications are that the Governor and General Assembly are committed to providing the financial support necessary for the State's public higher education institutions, in general, and the University of Arkansas, in particular.

The 2010 Commission strongly recommends the adoption of the Arkansas Department of Higher Education's funding formula as one means of addressing the funding need. The formula is described in greater detail under "Discussion of Significant Developments."

The Commission also believes the State must invest its resources more strategically in order to *gain ground* for all Arkansans. The State's universities need funds for new facilities, as well as for repair and refurbishment of existing facilities; funding for infrastructure, particularly information technology and computing, is inadequate. The "infrastructure gap" exists at all public universities in the State, but is particularly critical for the U of A, particularly in comparison with its national and regional peers.

In order to support Arkansas' 21st Century ambitions, strategic investment will be needed throughout the State. The Commission believes investment of the State's General Improvement Fund (GIF) should be focused on improvement of infrastructure and building of facilities that will move the State forward to advance the quality of life for all of its citizens.

The GIF is constituted of excess monies from State agency budgets and from interest earnings on State tax proceeds. For the 1999 biennium, $227,546,635 was distributed statewide from the General Improvement Fund. Of that, only $11 million flowed to The University of Arkansas. For 2001, $100,013,051 was dispersed throughout the State, and approximately $5 million flowed to the University. Based on the actions of lawmakers during the 2003 biennium, $59,230,105 has been released to date. Slightly more than $1 million has been scheduled for distribution to The University of Arkansas, but some questions remain regarding whether all these funds will be received.

As an example of the impact GIF funds can have, the funding to The University of Arkansas described above has been directly applied to projects that enhance the State's research and technology capabilities: the completion of Ferritor Hall, in which state-of-the-art biological sciences research is conducted, and the seed funding to begin construction on the Center for Academic Excellence, an interdisciplinary center for academic computing on campus.

The Commission recommends that the State identify strategies for improving its research and technology infrastructure and the facilities that support its research capabilities. Focused, significant investment of the General Improvement Fund in infrastructure, facilities, and technology improvements will help to position the State of Arkansas as a leader in the 21st Century economy and benefit all of its citizens.

The Positive Influence of The University of Arkansas on the State of Arkansas' Economy and Culture

The progress occurring at The University of Arkansas has had a direct, positive impact on the State of Arkansas, as evidenced by the US Department of Commerce Office of Technology Policy's Science and Technology Indicators (Appendix B) and by the Milken Institute's "Science and Technology Index" (Appendix C). In its March 2004 report, the Department of Commerce says the State of Arkansas improved its ranking in 17 categories. Arkansas' median ranking improved to 40th, up from 44th. The Milken Institute's "Science and Technology Index" describes Arkansas' move to 49th in the 2004 rankings, up from 50th in 2002. Arkansas' jump in score, from 22.8 to 29.5, was the nation's third-highest.

The Fayetteville-Rogers-Springdale metroplex was ranked seventh in the nation in the Milken Institute's *Best Performing Cities* report for 2004. Northwest Arkansas was unable to maintain last year's top ranking due to a relatively low concentration of

GRANT TO AID KNOWLEDGE-BASED COMPANIES IN ARKANSAS

Statewide efforts to provide Arkansans with access to better-paying jobs just received a significant boost as a result of a three-year, $600,000 grant from the National Science Foundation (NSF). Funds from the grant will help knowledge-based companies in Arkansas receive private investment and advanced Small Business Innovation Research (SBIR) funding, with the goal of easing the difficult business transition between concept and commercialization.

The grant will be administered by the Innovation to Commercialization Incubator, a partnership led by the College of Engineering and the Sam M. Walton College of Business at The University of Arkansas. The partnership will help innovative companies by increasing access to the business expertise they need to bring their new products from the lab to the marketplace.

"We believe this partnership will benefit all involved," said Walton College Dean Doyle Z. Williams. "Our graduate students will provide more business expertise to help engineers commercialize ideas, and the state may gain high-tech businesses to fuel the economy."

Assistance is already in place to help Arkansas companies receive the first level of SBIR funding, referred to as Phase 1. Phase 1 funding requires "proof of concept," detailed business and technology plans, and it typically results in a $100,000 award. Approximately one applicant in eight receives funding at this level.

After this initial period, surviving the "valley of death"—the time between the development and the sale of a product—is the biggest challenge to a small business. Think, for example, of a large company. It can fund research and development from revenues based on the sale of current products. Brand-new companies don't have that cushion.

The grant targets improving Phase 2 and 3 success in three ways:

- The grant will support the salaries and tuition of graduate students who will work for the new company. "As we educate undergraduate and graduate students in engineering, it's important that they also understand the relevance of the research," said College of Engineering Dean Ashok Saxena. "This is not an ivory tower experience. The students will gain experience as well as vital contacts in the business world."
- Second, the companies will receive help from a board of advisers made up of professionals from varied backgrounds including law, accounting, sales and marketing. "What is frequently missing from high technology companies is the business knowledge to turn ideas into products or services that people will buy, then producing those products or services at a profit," said Carol Reeves, associate professor of management. "The board of advisers will provide critical business expertise to the Phase 1 grant recipients, dramatically increasing their chances of establishing a successful business."

Graduate students in the Walton College work on enterprise-level computing with the Department of Computer Science and Computer Engineering.

"As we educate undergraduate and graduate students in engineering, it's important that they also understand the relevance of the research...The students will gain experience as well as vital contacts in the business world."

- Third, the grant will facilitate an Angel Investor Network to encourage investments that are less structured than venture capital. "A key goal of the program is to develop an infrastructure of entrepreneurial support that will help companies survive the valley of death," said Ron Foster, director of the Innovation to Commercialization Incubator.

But why is developing an entrepreneurial culture in Arkansas so crucial? Two-thirds of all new jobs in the country are created by the 11 percent of small businesses that are high-tech, according to Ross DeVol, director of regional economics at the Milken Institute. In addition, the jobs formed by knowledge-based companies "pay high salaries and are relatively immune to outsourcing," said Foster.

Once the ball gets rolling, positive growth begets positive growth. "Service-based jobs tend to spring up around knowledge-based jobs, enriching the entire business environment," said Foster. "For example, there may be a need for a specialized machine shop or water-purifying company. And more jobs mean more tax revenue for local communities and for Arkansas."

Historically, agricultural states such as Arkansas have trailed all others in this type of job creation. For example, between 1983 and 1998, The University of Arkansas spun off fewer than five high-tech companies, despite the fact that the University competed well at publishing cited high-tech research results in professional journals. In contrast, the Massachusetts Institute of Technology created 150 small businesses each year during the same time frame.

"Through a prior NSF-supported partnership, we brought together university, state and private sector support to address these issues in 2000, and the results are stunning. This new program is designed to take us to the next level," said Foster.

For instance in 2002 and 2003, The University of Arkansas developed seven spin-off companies – compared with fewer than five over the past 20 years. The number of SBIR Phase 1 proposals submitted from Arkansas is even more encouraging. In 2000, there were 20 proposals submitted. In 2001, 22 were submitted. In 2002, the number of proposals doubled to 45, with nine awards totaling $1.8 million. And in 2003, more than 80 proposals were submitted with 17 gaining funding. So far in 2004, 15 awards have been received that total $4.2 million. "Overall, the acceptance rate is very close to the national average, which indicates that Arkansas' proposals are high in quality," said Foster.

According to DeVol, Arkansas climbed from 50th in the nation in SBIR funding in 2000 to 43rd in 2003 and from 50th to 26th in Small Business Technology Transfer funding.

"Now that our SBIR Phase 1 funding numbers are improving, it's time for us to focus on achieving similar success with Phase 2 and Phase 3 funding," Foster said.

In addition to the College of Engineering and the College of Business, partners include the Office of Research and Sponsored Programs; the microelectronics-photonics graduate program; Virtual Incubation Corporation; and the Arkansas Science and Technology Authority. Led by principal investigator Saxena, the co-principal investigators on the NSF grant are Foster; Reeves; Scott Hancock, licensing officer for the Technology Transfer Office; and Greg Salamo, university professor of physics.

high-tech and knowledge-based companies. Increased support of The University of Arkansas' research mission will bring more knowledge-based industry not only to Northwest Arkansas but the entire State.

The University of Arkansas' role in the region's rankings is undeniable. The U of A provides bachelor's, master's, professional, and doctoral graduates to the State. An increase in the number of graduates in the State of Arkansas means more income for its citizens and more revenue for the State. More revenue for Arkansas leads to investment in K-12 education, research, health care, and higher education. Simply put, the stronger The University of Arkansas, the stronger the State of Arkansas.

According to a report by the Center for Business and Economic Research, titled *The University of Arkansas: A Catalyst for Growth*, the University is making a significant positive impact on the economy of the State. Among the findings in the report:

- Including the impact of indirect and induced effects, the total annual economic impact of The University of Arkansas on the State is between $1 billion and $1.2 billion.
- Total employment attributable to the University, including indirect and induced effects, ranges from 14,722 to 17,667 jobs across the State.

The report also finds that achieving the 2010 Commission's goals will produce substantial economic impacts:

The University of Arkansas Innovation Center, opened in October 2004, is a 35,500-square-foot building designed to house and nurture research-based innovations in Arkansas.

- Including indirect and induced effects, total annual impact of The University of Arkansas on the State will be between $2.5 billion and $3.2 billion.
- Total annual employment impact for the University will be between 36,550 and 43,860 jobs.

The Benefits of University of Arkansas Outreach and Research

The University of Arkansas contributes to the growth and prosperity of the State of Arkansas through its research programs. Arkansas will succeed in the knowledge-based economy if, and only if, it produces the scientifically and technologically literate citizens needed to attract business and industry to the State and to enable existing firms to compete successfully. Investment in the State's research initiatives, particularly in the State's only comprehensive research university—The University of Arkansas—will bring Arkansas to the playing field of the 21st Century economy.

Many research facilities in operation at The University of Arkansas are making the discoveries and creating the technology that will lead to a stronger State of Arkansas.

Arkansas Research and Technology Park

The Arkansas Research and Technology Park (ARTP) welcomed the opening of a new facility in October 2004. The University of Arkansas Innovation Center is a 35,500-square-foot building designed to house and nurture research-based innovations in Northwest Arkansas. It will provide resources for research and development as the University builds partnerships with private industries, local and regional groups, and government entities.

The University of Arkansas Innovation Center joins the GENESIS Technology Incubator and the Engineering Research Center at the ARTP. Created by the University in cooperation with the City of Fayetteville, the ARTP jump-starts the formation of a knowledge-based economy in Arkansas. It fosters and attracts clusters of industries whose commercial pursuits are strategically aligned with the research strengths of the University. Among the research competencies that can be accessed through the Arkansas Research and Technology Park are:

- **Biotechnology and Related Biological, Chemical, and Food Sciences**
  Technologies available include biotic and abiotic stress-tolerant rice, green potting soil, biomolecular labeling, and chemical enhancement of microbial insecticides.
- **Next-Generation Electronic and Photonic Devices**
  Examples include new types of DC/DC converters which achieve improved performance in smaller devices.
- **Transportation and Logistics**

The UA Community Design Center won international recognition for their project "Developing a Highway Ecology." They envision a radically different highway strip, akin to the traditional boulevard, that responds to the ecology of the area and encourages transportation choices beyond the automobile.

- **Materials and Advanced Manufacturing at the Micro- and Nano-Scale**
  Technologies available include variable image packaging film and micro- and meso-scale machining.
- **Database, Software, and Telecommunications Technology**
- **Environmental and Ecosystem Analysis**

Clustering innovative activities within these broad areas of research will afford companies the benefits derived from collaboration, labor-source pooling, and supplier networks.

The ARTP generates direct benefits such as the creation of high quality, high-wage jobs in the technology sector, and the indirect economic impacts that benefit the economy as a whole. For example:

- Ongoing construction at the ARTP will create 1,582 construction jobs and employee compensation of $27.1 million.
- The ARTP is expected to generate a present value of $2.2 million in State and local tax revenues over the life of project construction and $17.7 million in State and local tax revenue over the life of project operation.
- At completion, the ARTP will create approximately 2,000 high-tech, high-paying, permanent jobs.

> "There needs to be a strong partnership between state education agencies, schools, teachers, students, parents, business leaders and members of the media who are all preaching a common theme. That theme is this: 'College isn't an option. It's a way of life.'"
>
> —Governor Mike Huckabee
> *A Lasting Legacy*

University of Arkansas Economic Development Institute

The University of Arkansas Economic Development Institute (UAEDI) was created in July 2002 to enhance the economic and social well-being of the people of Arkansas.

UAEDI created the Technology Center for the Delta in Cross County to serve as a launching pad for the programs of The University of Arkansas and other partners. The goal is to create a multi-county economic development region in the Delta called the Crossroads Coalition. Supporting this effort, economic development officials in Cross, Washington, and St. Francis counties, under the umbrella of UAEDI's Discussion Group, are exploring how they can help Arkansas attract the automotive industry. Partners in the Crossroads Coalition include the UA Center for Advanced Spatial Technologies program, UA Center for Economic and Business Research, the Arkansas Department of Economic Development, and a number of off-campus and private entities.

UAEDI is working with the six-county Cornerstone Coalition (Ashley, Bradley, Chicot, Desha, Drew, and Lincoln Counties) to explore how The University of Arkansas can contribute to the broad-based development of this region. It is expected that UA Monticello will be a major contributor to this effort. Likewise, UAEDI is working closely with Crossett (Ashley County) on a number of projects that are of special interest to that community. A result of this partnership is the ongoing mapping of the Cornerstone Coalition Counties, designed to help the region develop a greater understanding of its assets and history.

University of Arkansas Community Design Center

Since 1995, the University of Arkansas Community Design Center (UACDC) has provided design and planning services to more

than thirty communities across Arkansas. UACDC planning has helped Arkansas communities secure nearly $9 million in grant funding to enact improvements. With matching funds and private and public investment factored in, UACDC has helped to generate almost $70 million in Arkansas economic development over the past ten years. In addition to revitalizing historic downtowns, UACDC addresses new challenges in affordable housing, urban sprawl, environmental planning, and management of regional growth or decline. UACDC also offers hands-on civic design experience to students who work under the direction of design professionals.

Two recent UACDC projects have garnered widespread attention. UACDC's proposal to rehabilitate a flood-prone, pollution-ridden stream into an urban greenway that winds through downtown Warren has won State and national design awards from the American Institute of Architects (AIA). "The Community Design Center has taken a problem and turned it into an amenity for the people of Warren. Instead of flooding at the YMCA, we'll have a beautiful walking path that extends the current city park and links it to the Y," said Warren Mayor Bryan Martin.

A plan to assist the central Arkansas community of Morrilton, where growth on the arterial highway strip has drained energy from the downtown area, led to the project, "Developing a Highway Ecology." This project was the only United States entry selected in the prestigious "Celebration of Cities" competition co-sponsored by the International Union of Architects and the AIA.

UA Department of Education Reform

The University of Arkansas will move into the ranks of leading universities with the founding of the Department of Education Reform, to be created later this year in the College of Education and Health Professions. The mission of the department is to advance education and economic development by focusing on the improvement of academic achievement in the public schools. Faculty will conduct leading-edge research that will be used to strengthen the public schools. Researchers will also focus on policy formation and how that policy is translated into meaningful reform at the State, school district, school, and classroom level.

The new department will conduct significant research, implement demonstration projects that link research with classroom practice, and produce and distribute resources to educators and policymakers. It will be the first—and only—such department in an institution of higher education in the State of Arkansas. Significant education reform programs are in place at nationally recognized universities, including the University of Pennsylvania, Harvard, Stanford, Michigan and Wisconsin-Madison. It is this peer group that the college will use as a benchmarking cohort for the new program.

Partnerships with Arkansas Institutions of Higher Education

The University of Arkansas is reaching out across the State to serve all Arkansans through relationships with institutions of higher learning throughout Arkansas. New partnerships with NorthWest Arkansas Community College and the University of Arkansas-Fort Smith, and proposed partnerships with the University of Central Arkansas and the University of Arkansas-Pine Bluff are bringing students the learning opportunities they need to fulfill their promise of becoming productive members of the Arkansas workforce.

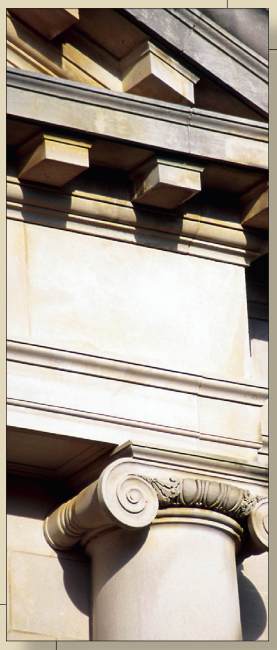
NorthWest Arkansas Community College

The partnership with NorthWest Arkansas Community College (NWACC) is an example of how Arkansas higher education institutions can work together to make education more accessible and, possibly, more affordable for the State. This partnership established between the two institutions and referred to as the North Campus will likely add to the University's enrollment and, ultimately, to the number of Arkansans who achieve a four-year degree. NWACC also expects to see a significant increase in enrollment as a result of the program.

The University of Arkansas College of Education and Health Professions has developed and proposed a collaborative degree program with NWACC. The proposal will offer a Bachelor of Science in Education degree on the NWACC campus to students who complete the first two years of coursework at NWACC. The program will assist local schools in meeting increasing high demand for teachers while giving students in the Rogers and Bentonville area an opportunity to complete a four-year degree and obtain an Arkansas Teaching License.

UA-Fort Smith

The University of Arkansas College of Engineering's partnership with the University of Arkansas-Fort Smith is bringing access to a UA education to students in the Arkansas River Valley. Students take their first two years of courses at the UA-Fort Smith. The last two years of courses are either conducted by UA professors who travel to Fort Smith or teach courses via web-based distance delivery, or by UA-FS instructors. Graduates from the program receive University of Arkansas degrees.



DISCUSSION OF SIGNIFICANT DEVELOPMENTS

Five years after the formation of the 2010 Commission, much has changed in the State of Arkansas, the nation, and the world. The initial report of this Commission was issued just before 9/11. A national economic downturn and the movement of K-12 education to the forefront of the State's agenda through the funding legislation enacted in the recent special session in Arkansas have complicated the fiscal picture for all the State's public colleges and universities. Recent studies of the demography of the State predict that Arkansas' population of high-school graduates will decline in immediately approaching years. Even as that population of young Arkansans has begun to diminish, the number of post-secondary educational institutions in the State, particularly at the two-year level, has grown.

The Commission has observed these developments and trends and offers here a brief examination of the most significant current educational, political, and economic issues the U of A faces at the midway point of the first decade of the 21st Century and the Commission's term of service.

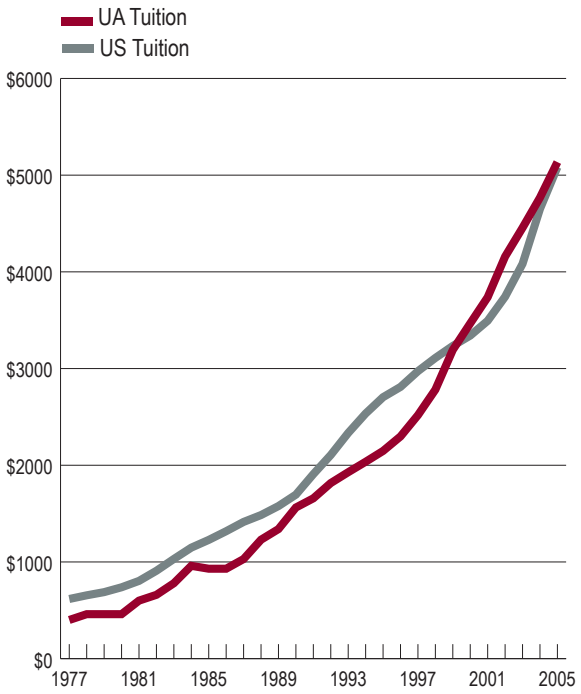
> "We cannot lose sight, however, of the need to have high-quality colleges and universities in Arkansas for those better educated children of tomorrow to attend, where they can prosper…Arkansans must make sure their dedication to higher education and the resulting improvements that follow remain higher than ever."
>
> —*Northwest Arkansas Times,* March 9, 2004

The K-12 Funding Mandate

After the Arkansas Supreme Court's ruling that the State's K-12 public education system was inadequate and inequitable, lawmakers convened for a special session of the Arkansas General Assembly. Perhaps of greatest significance to the University, the General Assembly made Arkansas the nation's only State legally obligated to fund K-12 public education before all other State programs.

The 2010 Commission applauds the State's commitment to funding K-12 public education. However, the relative security of State funding of public higher education is now very much in question. According to Governor Mike Huckabee, should funding for K-12 public education ever fall short, the cuts to other State programs "could be massive and have a dramatic impact on thousands of people."

Figure 7: Average Four-Year US Public vs. UA Tuition



The facilities needs of K-12 public education may lead to such a shortfall. Other State programs likely will be negatively affected.

The State program that stands to lose the most funding is four-year public higher education. The perception among many legislators is that four-year universities are less dependent on state support because they can generate income by raising tuition and by generating private support.

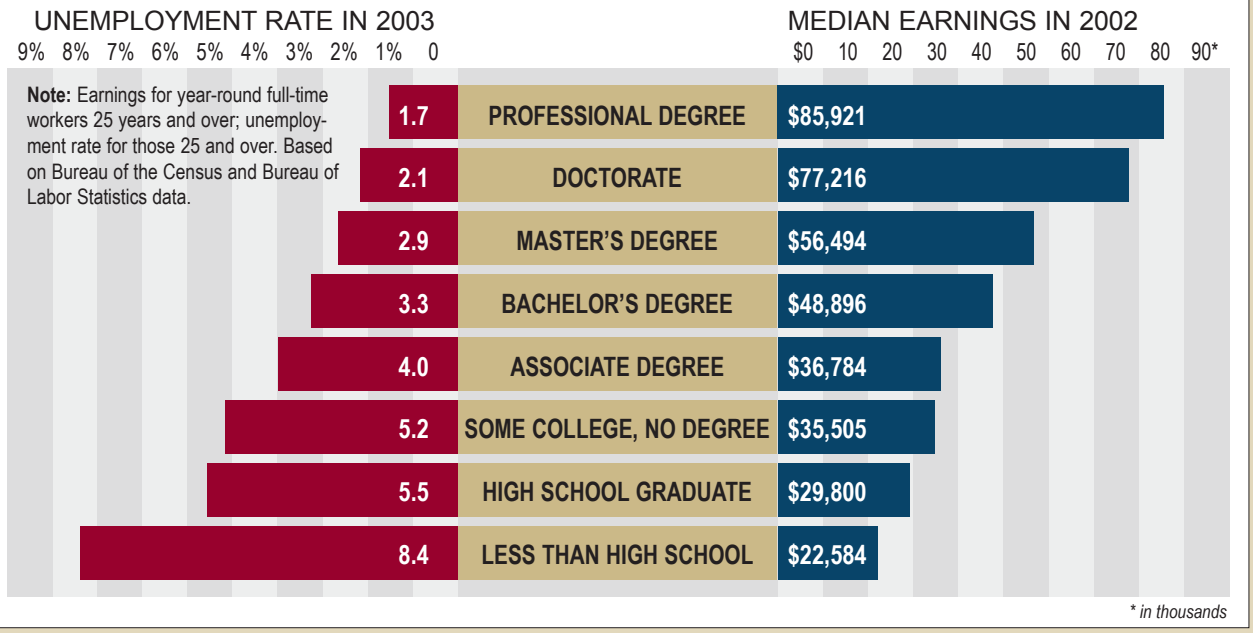
The State's funding priorities can be divided into two categories: those that meet the needs of a small fraction of citizens by addressing immediate financial and health needs, as well as inequities of the past (Medicaid and prisons are examples) and those that secure a brighter future for all citizens (education and economic development are examples). Due to a faster payback on investment, money spent on four-year universities yields a higher return for both the State and university graduates than other programs.

Tuition increases may be inevitable, but every effort should be made to keep them within reason. Tuition increases effectively decrease the number of capable Arkansas students who can afford a college education. To increase UA tuition at double-digit rates can discourage capable students from pursuing their best opportunity or cause them to defer a college education.

According to *Measuring Up: The National Report Card on Higher Education*, Arkansas receives a grade of "F" for affordability of higher education. For the 40 percent of Arkansans with the lowest incomes, the cost of higher education at a four-year public university represents 37 percent of income annually. When considering the average of all income groups in Arkansas, the cost of higher education at a four-year public university represents 26 percent of annual income.

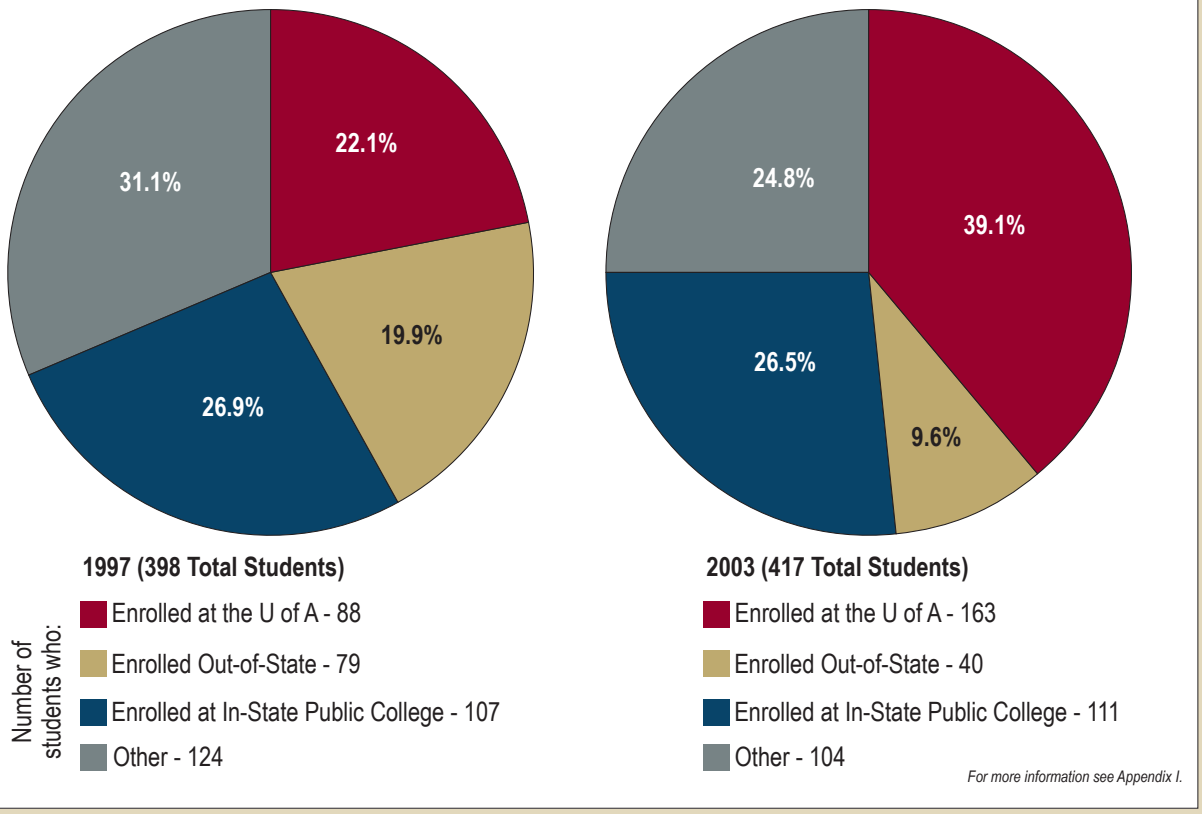
Clearly, steps must be taken to ensure that UA tuition increases remain modest. A UA education must remain within reach (Figure 7). For Arkansans to enjoy the same economic benefits found in the vast majority of states, a significant increase must occur in the number of college graduates in the State. As the number of Arkansans with at least a bachelor's degree increases, so will the average income of Arkansans. In fact, the average difference in earnings between high school and college graduates

Figure 8: Earnings and Unemployment by Education Level Attainment



Source: www.postsecondary.org

Figure 9: UA Market Share of Top ACT Scorers



For more information see Appendix I.

through their working life totals nearly $1 million (Figure 8). Simply put—more Arkansans with colleges degrees make for a more prosperous State of Arkansas.

Stemming the Arkansas Brain Drain

Just as it is essential that Arkansas produce more highly educated citizens, so it is essential that the State do everything it can to keep its brightest young people in Arkansas. For too long, too many of Arkansas' best and brightest went elsewhere for their college education.

In a study by the Southern Growth Policies Board called *Who Will Stay and Who Will Leave,* researchers found that the odds of a recent college graduate "taking a job in-state are shown to increase more than tenfold," if the individual attends college in the same state where he or she graduated from high school. Keeping bright high school graduates in Arkansas for their higher education will lead to a greater number of highly skilled, highly educated workers in the State.

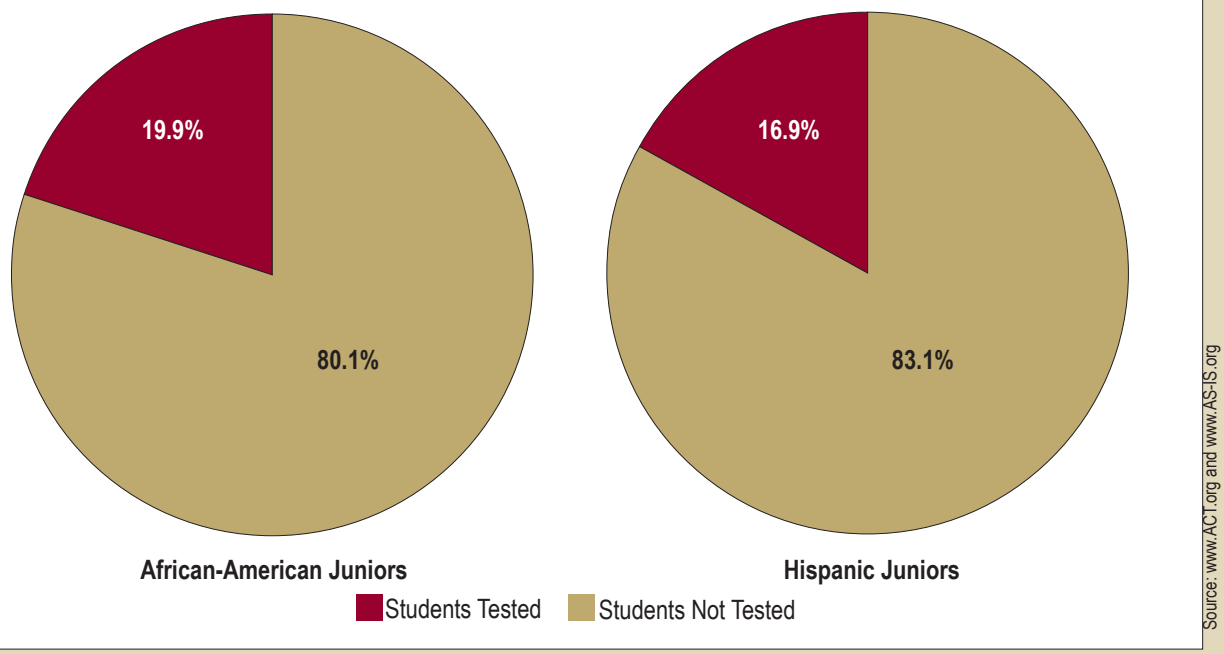
Since 1997, The University of Arkansas has tracked the Arkansas high school graduates who scored exceptionally well (31 or higher, out of a possible 36) on the ACT Assessment. As shown in Figure 9, from 1997 to 2003 the number of graduates who scored 31 or higher has remained fairly constant. However, the percentage of those scoring exceptionally well who have enrolled out-of-state for college has dropped by more than half, from 19.9 percent to 9.6 percent. Data suggest that many of these students are choosing to attend The University of Arkansas. The market share of those who scored 31 or higher that chose to enroll at The University of Arkansas during that same period of time has increased by 17 percentage points, from 22.1 percent to 39.1 percent (Appendix I).

Assuring High School Students' Access to the ACT

While it is certainly a positive sign that Arkansas is beginning to stem the loss of its most gifted high school graduates to other states, the overall proportion of Arkansans holding a college degree remains distressingly small. Arkansas ranks 49th in the nation in the percentage of population with a bachelor's degree.

An examination of practices of Arkansas education agencies regarding encouragement of college prep among high school students indicates that there may be ground to be gained

Figure 10: 2002-2003 ACT Testing Rates in Arkansas



Source: www.ACT.org and www.AS-IS.org

by making greater effort to assure access to the the ACT Assessment. This is the test students need in order to qualify for admission to two- and four-year institutions across the State. Increasing access to the ACT for high school juniors may help to increase the number of Arkansans pursuing a degree.

Currently, the Arkansas Department of Higher Education subsidizes the PLAN test for tenth-graders. This exam is meant to prepare students for the ACT Assessment. But the PLAN test cannot be used for admission to any two- or four-year colleges and universities. Despite the fact that most colleges require that applicants take the ACT, Arkansas high school juniors are not taking the ACT at the same rate that sophomores are taking the PLAN.

In the 2002-2003 school year there were 34,386 high school sophomores in the State of Arkansas. That year, 23,859 sophomores took the PLAN test. This represents approximately 69 percent of sophomores.

In the 2002-2003 school year there were 31,658 high school juniors in the Arkansas. Only 12,728 juniors took the ACT that year. This represents approximately 40 percent of juniors. Of particular concern, only 20 percent of African-American juniors took the ACT. Only 17 percent of Hispanic juniors took the exam (Figure 10).

There are many advantages for students who take the ACT in their junior year:

- Most high school coursework that corresponds to ACT test material has been completed.
- ACT funnels information about students to colleges, and sets up an early communication exchange. This allows colleges and universities to send information about admissions, course placement, scholarships, and special programs to prospective students early enough in their high school careers to allow for meaningful planning.
- Students who wish to improve their scores have the opportunity to re-test, and to seek tutorial assistance that may help them succeed at the highest possible level. Fifty-five percent of all US students who took the ACT more than once increased their composite score.

Two states—Illinois and Colorado—have instituted mandatory ACT testing for all juniors. Colorado saw a 25 percent increase in the number of in-state, ACT-tested freshmen enrolled in Colorado colleges in the first year affected by statewide ACT testing. Illinois colleges saw enrollment of in-state, ACT-tested freshmen grow by 23 percent in the first year that reflected mandatory ACT testing. Both states saw major increases in the number of minority graduates, males, and graduates from lower-income families who took the ACT. Minority enrollment in both states' colleges also was significantly higher.

A 20 percent increase in the number of in-state freshmen enrolled in Arkansas colleges and universities would translate into approximately 3,300 new Arkansas college students per year. With hopes of increasing the number of Arkansas students who take advantage of higher education and the number of Arkansans with a college education, the 2010 Commission recommends that mandatory junior ACT testing be instituted.

The ADHE Funding Formula

For many years, Arkansas institutions of higher learning have had to lobby for funding increases from the State. Often, as a result, funding has been assigned on the basis of political clout, rather than institutional mission, size, and scope.

The leaders of Arkansas' four-year public colleges have come together to endorse a funding formula designed by the Arkansas Department of Higher Education (ADHE) which attempts to provide adequate, equitable funding for every four-year institution. The funding formula has the support of Governor Huckabee and awaits adoption by the legislature.

Merits of the ADHE Funding Formula

The funding model proposed by the Arkansas Department of Higher Education:

- Attempts to determine a minimum level of adequate funding for every four-year institution. Those adequate funding levels reflect the needs of the institutions.
- Provides equitable funding for each institution by discipline and level based on their latest Student Semester Credit Hour (SSCH) production. Every institution receives the same funding for the same discipline and level per Full Time Equivalent (FTE) student.
- Includes four instructional cost categories and three levels of instruction (undergraduate, masters, and doctoral).
- Can be used to fund enrollment change in succeeding years, which will provide stable funding while being responsive to growth or reduction in institutional workloads and revisions of mission as well as changing external conditions.
- Is based on nationally established cost categories rather than an artificial value for each SSCH based on the anticipated revenue available for distribution. The cost categories are based on a multi-year study of the expenditures of 175 institutions nationwide. The study was conducted by the Office of Institutional Research at the University of Delaware.
- Uses the average salaries for baccalaureate, masters, and doctoral institutions throughout the sixteen member states of the Southern Regional Education Board to determine teaching salary needs.

While ensuring adequate funding, the funding formula attempts to remain simple to understand, responsive, and sensitive to the missions of different colleges. It stabilizes funding and makes funding more equitable.

Adoption of the funding formula by the legislature would likely mean that The University of Arkansas' funding concerns would be addressed without resorting to extraordinary tuition hikes.

Based on semester credit hours taught during 2004, ADHE's funding formula shows UA state appropriation for FY05 is $33.5 million less than it should be. To place in context the $33.5 million gap in state funding, the UA endowment of $626 million would have to increase to $1.37 billion to generate enough funding to replace the $33.5 million gap in State support (Appendix F). The 2010 Commission strongly endorses the ADHE funding formula.

Blue Ribbon Committee on Higher Education

The Blue Ribbon Committee on Higher Education, appointed by Governor Mike Huckabee "to propose significant, achievable actions that will enhance Arkansas' economy, competitiveness, quality of life and prosperity by addressing the importance, quality, funding and accountability of higher education," released its report in June 2004.

The Blue Ribbon Committee on Higher Education has recommended the following:

- Creation of an empowered authority over higher education.
- Creation of centralized coordination of our institutions.
- Coordination of funding.

The 2010 Commission supports coordination among the State's higher education institutions to prevent duplication and to appropriately direct funding. It is important that the State strengthen the coordination to encourage each institution to hew to its established mission and vision.

With regard to the first recommendation of the Blue Ribbon Committee, the 2010 Commission believes sufficient oversight and governance are exerted by the UA System and Board of Trustees.

Adoption of the ADHE funding formula would satisfy the intent expressed in the second and third recommendations of the Blue Ribbon Committee. The funding formula encourages centralized coordination and funding of Arkansas' four-year public colleges.

Accelerate Arkansas and *Arkansas' Position in the Knowledge-Based Economy*

Accelerate Arkansas is a statewide group of volunteers working under the Capital Resource Corporation whose mission is to foster economic growth in Arkansas by using the essential building blocks of the knowledge-based economy. In September 2004, Accelerate Arkansas released a report prepared by the Milken Institute with assistance by the UA Center for Business and Economic Research titled *Arkansas' Position in the Knowledge-Based Economy*.

The following are the nine principal recommendations of *Arkansas' Position in the Knowledge-Based Economy*:

- Coordinate existing agencies and initiatives
- Develop coordinated risk capital policy
- Provide assistance for funding and grant opportunities
- Focus industry initiatives and strategy
- Identify comparative advantages in the State and develop them
- Improve the image of the State to lure investment
- Upgrade Arkansas' infrastructure
- Reform the tax code and improve incentives for business
- Improve education
- Utilize key resources to boost research and science

The 2010 Commission supports the recommendations of the report. The University of Arkansas is actively engaged in pursuit of activities that support many of these recommendations.

Coordinate existing agencies and initiatives: The University is reaching out to partner with other institutions of higher education in the State, such as the University of Central Arkansas and UA-Fort Smith.

What Private Support Can Provide	What Private Support Cannot Provide
• Endowed Chairs • Endowed Professorships • Scholarships	• Maintenance of Facilities • Utility Costs • Basic Operating Needs

The University of Arkansas provides **assistance for funding and grant opportunities** through programs such as the Innovation to Commercialization Incubator. Signs indicate that the University's increasing national reputation is not only **improving Arkansas education** but **also improving the image of the State**. With regard to the recommendation **utilize key resources to boost research and science**, The University of Arkansas receives a strong endorsement in the Accelerate Arkansas report:

"To firmly establish Arkansas as a developing center of knowledge-based industry and research, it is essential that the state harness the resources of…its existing research institutions…Attempting to develop a research cluster from the ground up is both risky and expensive, which means that the three most viable candidates are the University of Arkansas in Fayetteville, the University of Arkansas Medical School in Little Rock, and the University of Arkansas-Little Rock."

The Role of Private Support in a Public University

The University's friends, alumni, and benefactors have embraced the vision of making The University of Arkansas a nationally competitive, student-centered research university serving Arkansas and the world. Their commitment must be matched by public support of what is, at its core, a public institution.

As has been noted throughout *Gaining Ground*, private support to The University of Arkansas has been extraordinary. The Council for Aid to Education ranked The University of Arkansas among the top four universities in fundraising for FY03, along with Harvard, Stanford, and Penn. The University made the No. 22 spot for FY03 on the *The Chronicle of Philanthropy's* annual ranking of the top 400 nonprofit organizations. And FY04 private giving to the University totaled more than $83 million.

The outpouring of private support has provided The University of Arkansas with an endowment in excess of $626 million as of June 30, 2004. The endowment will support areas of critical need, such as endowed professorships and scholarships. The endowment will provide a margin of excellence that would not otherwise be possible.

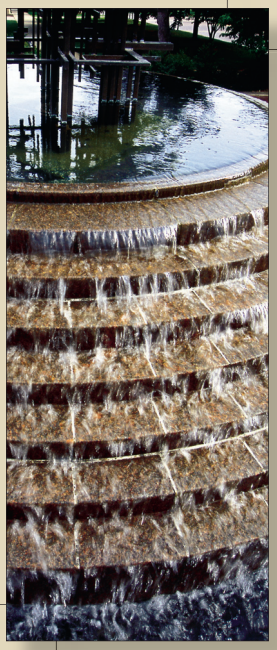
But public State appropriation of funds is what is required to keep The University of Arkansas functioning. Private support, generous though it may be, simply cannot be counted upon to replace the tens-of-millions of dollars in public funding of maintenance of facilities, utility costs, and basic operating needs of a public university.

Recently, the Arkansas Department of Higher Education (ADHE) released a proposed funding formula for higher education in Arkansas. The ADHE funding formula recognizes the unique roles of Arkansas' institutions of higher learning and advocates increased funding of The University of Arkansas' research mission. Based on semester credit hours taught during 2004, ADHE's funding formula shows UA state appropriation for FY05 is $33.5 million less than it should be.

To place in context the $33.5 million gap in state funding, the UA endowment of $626 million would have to increase to $1.37 billion to generate enough funding to replace the $33.5 million gap in State support.

The burden of this funding shortfall should not be shifted onto students in the form of increased tuition. Public State appropriation must keep pace with operational costs.

Legislative adoption of the ADHE's funding formula will help to ensure adequate State funding. The funding formula provides adequate, stable funding for the basic operating needs of public four-year colleges.



RECOMMENDATIONS

In this section, the 2010 Commission offers recommendations for what must occur in the months and years ahead if The University of Arkansas is to realize its vision as a nationally competitive, student-centered research university serving Arkansas and the world.

Twenty-eight recommendations are made. Many have been updated since the publication of *Picking Up the Pace*. Twelve are directed to the Governor and the General Assembly; seven are intended for business leaders in Arkansas; and nine are aimed at The University of Arkansas community—trustees, benefactors, students, faculty, staff, administrators, alumni, and friends.

> Here's a category in which our state ranks near the top nationally: access to a post-secondary education institution…And here's a category where we rank near the bottom: student retention from year to year in college and eventual graduation from a four-year institution. Logic suggests that access doesn't mean quality. It even suggests that maybe we need to lose access in hopes of gaining quality."
>
> —*The Morning News*, March 4, 2004

Nationally, Arkansas ranks at or near the bottom in both median family income and the percentage of adults having at least a bachelor's degree. That is not a coincidence. Income is highly correlated with education level. Likewise, unemployment rates are inversely proportional to educational level.

For Arkansas to have a chance of moving into the ranks of states whose citizens enjoy economic and cultural benefits not available to most residents of our State, it is essential that investments be made to equip Arkansans to compete in the 21st Century knowledge-based economy. Giving a higher priority to funding higher education, in general, and four-year universities, in particular, is essential if Arkansas is to partake of the bright future that is already assured for so many other states.

RECOMMENDATIONS TO THE GOVERNOR AND GENERAL ASSEMBLY

Recommendation #1

Gain ground nationally by making higher education funding a top priority.

Recommendation #2

Adopt the funding formula developed by the Arkansas Department of Higher Education (ADHE).

Currently, institutions of higher learning must plead their cases individually with the General Assembly. The result is significant unevenness in funding levels among two-year institutions and four-year universities with overlapping goals and missions. With its unique role and mission, The University of Arkansas must be funded on par with other national public research universities.

The current funding situation provides compelling evidence that a more effective approach should be adopted—one that responds to the issues of the State as a whole rather than as a set of political or geographic regions. The ADHE funding formula addresses the concerns of the 2010 Commission by focusing on the size, scope, and mission of the institutions of higher education in Arkansas.

Recommendation #3

Support the University's vision and five major goals and provide the increased funding necessary to gain ground in achieving them. Hold the University accountable for the goals it has set and reward it as the goals are achieved.

Recognize that The University of Arkansas represents one of the State's greatest resources for positioning the State of Arkansas as a leader in the economy of the 21st Century.

Recommendation #4

Upgrade the State's information systems infrastructure, ensure that Arkansas is included nation's eCorridor, and fund a statewide digital library for use by public libraries, as well as public and private colleges and universities.

To ensure that Arkansas is included on the nation's eCorridor, support should be given to National LambdaRail (NLR) to include Arkansas in the new high speed fiber-optic national network. National LambdaRail (NLR) is a major initiative of US research universities and private sector technology companies to provide a national scale infrastructure for research and experimentation in next-generation internet, networking technologies, and applications. Linking Arkansas to NLR will give researchers at The University of Arkansas and throughout the State access to information from the nation's research universities. NLR will ensure that the high-tech businesses Arkansas must attract will find the infrastructure necessary to succeed. Arkansas should follow the examples of Oklahoma and Louisiana and join National LambdaRail as a full member.

High-speed, digital information resources will be as essential to economic development in the 21st Century as transportation infrastructure was in the 20th Century.

Recommendation #5

Build the State's research capacity, particularly at institutions showing the greatest promise for research and scholarship. Increase the amount of funds available to all university researchers for required matches on competitive research grants. Continue to use tobacco settlement funds to support the Arkansas Biosciences Institute.

Every dollar invested in university-based research in Arkansas yields an annual return on investment to the Arkansas economy of 23.3 percent. This extraordinary return on investment in university-based research should be recognized and supported.

Recommendation #6

Support mandatory ACT testing of juniors in high school. Too few Arkansas high school juniors are taking the ACT.

Empirical data from Illinois and Colorado suggest that mandatory junior ACT testing can lead to significant increases in in-state college enrollment and access to higher education for minorities and students from low-income families.

Recommendation #7

Invest strategically the State's General Improvement Fund based on a statewide plan for competing in the knowledge-based economy of the 21st Century. In particular, identify and prioritize key areas and institutions best positioned to strengthen the State's intellectual infrastructure in research, science, technology, education, and medicine.

Channel the necessary financial resources to these priority areas and institutions. Draw upon initiatives developed by the Southern Governors Association and the Southern Technology Council to help create this statewide plan.

Recommendation #8

Leverage private support by creating a dedicated State fund to match private gifts to endow professorial chairs and academic programs and to construct academic buildings.

Florida, Kentucky, Oklahoma, Texas, and other states have used this strategy successfully. Arkansas currently lacks the resources necessary to fully fund higher education competitively. Public-private partnerships must be encouraged and maximized.

Recommendation #9

Enhance incentives for venture capital and for high technology firms to locate in Arkansas, as well as retain and strengthen in-state companies to prevent them from migrating elsewhere.

Arkansas should consider the innovative approaches other states are using to attract firms from high-cost, congested areas of the nation. As an example, Nebraska supports university-based research that leads to commercializable intellectual property and guarantees rates of return to venture capital firms by rebating income taxes.

Recommendation #10

Provide institutional incentives for rapidly increasing the percentage of Arkansans with baccalaureate and advanced degrees (master's, professional, and doctoral).

To compete successfully in the 21st Century, Arkansas must substantially increase the number of adults with at least a bachelor's degree. One approach is to provide incentives for graduates of two-year programs to pursue four-year degrees. Examples of such incentives include transfer scholarships, direct rewards to two-year colleges for each graduate enrolling in a four-year institution, and forgivable loans that are paid back with employment in Arkansas.

Put programs in place to bring the percentage of Arkansas two-year college students who go on to earn four-year degrees in line with the national average. An example of this is the recent partnership between NorthWest Arkansas Community College and The University of Arkansas. The University is seeking ways to serve place-bound students so that they may achieve a four-year degree. The State could assist in this process by providing scholarships to these same kinds of students.

Recommendation #11

Provide incentives for two- and four-year institutions to collaborate by offering degrees on other campuses, thereby avoiding unnecessary duplication, and expanding opportunities for Arkansans.

The investment made in the State's two-year colleges should be leveraged to produce more four-year graduates. Two-year colleges should more frequently become entry points for four-year institutions.

Recommendation #12

Support efforts to recruit high-ability students from other states and nations to attend college in Arkansas, thus helping build the technical workforce needed for the 21st Century economy.

Studies show that college students recruited from out-of-state are 2.5 times more likely to live in the state that is the home of the institution from which they graduate than those who leave the state to pursue their college education.

RECOMMENDATIONS FOR BUSINESS LEADERS

Recommendation #13

Gain ground by investing in and becoming more involved in higher education institutions. Provide increased philanthropic support. Sponsor research projects and contracts that benefit business. Offer more opportunities for college students through internships, externships, and mentoring programs.

Work with colleges and universities to enhance students' awareness of career opportunities in the corporate and business sector. Explore the creation of full partnerships with colleges and universities to accomplish all this and more. A committed business community will help Arkansas higher education to achieve enhanced quality and effectiveness.

Recommendation #14

Actively support the 2010 Commission's recommendation for increased funding for Arkansas public higher education, and the adoption of ADHE's funding formula.

Support efforts to increase revenue for need-based and merit-based scholarships, and for other areas of critical need.

Recommendation #15

Support the recommendations in *Arkansas' Position in the Knowledge-Based Economy: Prospects and Policy Options.*

Recognize that The University of Arkansas is positioned to make direct, positive responses on many of the report's recommendations.

Recommendation #16

Consider the long-term value of hiring employees with four-year degrees to enhance corporate skill sets and assist the State in increasing the number of adults having at least a bachelor's degree.

Such hiring policies will improve Arkansas' standing relative to other states, making the State more competitive nationally. All Arkansans will benefit from the resulting stronger economy.

Recommendation #17

Pay nationally competitive salaries for college graduates and provide competitive benefits to attract outstanding new talent to Arkansas and stem the exodus of outstanding native talent to other states.

It is essential for the success of the State of Arkansas that the most-skilled Arkansans remain in the State.

Recommendation #18

Provide time, opportunities, and financial incentives for employees to obtain bachelor's and advanced degrees (master's, professional, and doctoral).

The increasing complexity of all fields demands higher levels of education and training. Employees with advanced degrees will be particularly important in providing the scientific, technological, and intellectual leadership required to ensure that Arkansas business and industry can compete globally.

Recommendation #19

Define workforce development needs and communicate them to appropriate colleges and universities.

Today's technology allows education to be brought to students, regardless of location. The question is no longer what to teach, but where and how to teach it.

Recommendation #20

Provide more educational opportunities and educational infrastructure for employees on site and/or in the context of their lives. Invest in distance learning on company sites or work with other businesses, local high schools, and colleges and universities to gain access.

Partnering with others can be a winning strategy. Develop career advancement ladders based on performance as well as increasing educational attainment and skills development. Make time and training available to employees. Employees should be given the opportunity to learn to use instructional technology and take the courses needed for professional advancement.

RECOMMENDATIONS TO THE UNIVERSITY OF ARKANSAS COMMUNITY

Recommendation #21

Continue *gaining ground* in 1) enhancing academic quality and reputation; 2) increasing the size and quality of the student body; 3) enhancing the diversity of the faculty, staff, and student body; 4) increasing private support; and 5) increasing federal and State support.

> "Higher education is not a luxury. It is a necessity in tomorrow's economy. In fact, it is a necessity in today's economy."
>
> —Governor Mike Huckabee,
> State of the State Address, January 11, 2005

Recognize that the success of The University of Arkansas directly affects the success of the State of Arkansas. Making progress toward these five institutional goals will positively affect the quality of life of Arkansans.

Recommendation #22

Continue to support the vision of The University of Arkansas as a nationally competitive, student-centered research university serving Arkansas and the world.

Recognize that a nationally competitive University of Arkansas will grow the economy of the State and enhance the quality of life of its citizens. Maintaining and improving The University of Arkansas' reputation will require continued effort. The University of Arkansas' drive for excellence and national stature is a means to a larger end: building the kind of institution that can assist the State of Arkansas in developing the knowledge-based, high-technology economy that will enable Arkansans to compete successfully in a global economy and enjoy a higher quality of life.

Recommendation #23

Achieve the University's 2010 goals of enrolling 22,500 students, including 4,000 minority students; retaining 88 percent of freshmen; and graduating 66 percent of entering students within six years. Meet 2010 annual research goals, including $100 million in new awards, $150 million in expenditures, and $50 million in federal expenditures. Increase annual private giving to $100 million and endowment to $1 billion by 2010. Secure operating revenues (from State support and tuition) of $380 million by 2010.

Achieving these 2010 goals is essential to both the State of Arkansas and The University of Arkansas.

Recommendation #24

Develop a more concerted effort between the University and the Arkansas Congressional delegation to seek out and support opportunities to bring federal research funds to the State.

Communicate to elected leaders that the University's research programs are positioned to make a profound impact on the State's economy. Every dollar invested in university-based research in Arkansas yields an annual return on investment to the Arkansas economy of 23.2 percent.

Recommendation #25

Provide leadership for the education systems in the State, private and public.

As the State's only comprehensive research university, The University of Arkansas must provide leadership statewide, from pre-kindergarten to post-doctorate level, to improve student retention throughout the system, and to specifically target improvement of six-year graduation rates among the State's colleges and universities. The University also must strive to increase research capacity in the State by working with other colleges and universities to insure that they become stronger research partners.

Recommendation #26

Encourage students and parents to realize higher education is an investment, not an expense.

To successfully educate students and parents regarding their investment in their future via higher education will necessitate a change of mindset, a change of culture for the State. But it must occur.

Recommendation #27

Create a communication and marketing plan to ensure that *Gaining Ground* is seen, heard, and understood by key opinion leaders and constituencies across the State.

Communicate regularly with business, education, government, and media leaders throughout the State regarding progress being made. Harness the power and prestige of the 2010 Commission in communicating the vision for the University and the positive implications for the State of realizing the vision.

Recommendation #28

Strive to be counted among the nation's best public research universities. Communicate that The University of Arkansas offers its State a direct path to success in the knowledge-based economy of the 21st Century.

APPENDICES

APPENDIX A
Arkansas' Public Colleges & Universities, 2004

- University of Arkansas
- University of Arkansas for Medical Sciences
- Four-Year Public University
- Two-Year Public College
- Branch of Four-Year Public College
- Branch of Two-Year Public College

Name	Abbreviation
Arkansas Northeastern College	ANC
Arkansas State University - Beebe	ASUB
Arkansas State University - Heber Springs	ASUB-Heber*
Arkansas State University - Jonesboro	ASUJ
Arkansas State University - Mountain Home	ASUMH
Arkansas State University - Newport	ASUN
Arkansas State University - Searcy	ASUB-Searcy*
Arkansas State University Technical Center - Marked Tree	ASUMT*
Arkansas Tech University	ATU
Arkansas Valley Technical Institute of Arkansas Tech University	ATU-AVTI
Black River Technical College	BRTC
Cossatot Community College of the University of Arkansas	CCCUA
Cossatot Community College of the University of Arkansas - Ashdown	CCCUA-Ashdown*
Cossatot Community College of the University of Arkansas - Nashville	CCCUA-Nashville*
East Arkansas Community College	EACC
Henderson State University	HSU
Mid-South Community College	MSCC
National Park Community College	NPCC
North Arkansas College	NAC
NorthWest Arkansas Community College	NWACC
Ouachita Technical College	OTC
Ozarka College	OZC
Phillips Comm. College of the University of Arkansas	PCCUA
Phillips Comm. College of the University of Arkansas - DeWitt	PCCUA-DeWitt*
Phillips Comm. College of the University of Arkansas - Stuttgart	PCCUA-Stuttgart*
Pulaski Technical College	PTC
Rich Mountain Community College	RMCC
South Arkansas Community College	SACC
Southeast Arkansas College	SEAC
Southern Arkansas University - Magnolia	SAUM
Southern Arkansas University - Tech	SAUT
University of Arkansas Community College at Batesville	UACCB
University of Arkansas Community College at Hope	UACCH
University of Arkansas Community College at Morrilton	UACCM
University of Arkansas	UAF
University of Arkansas at Fort Smith	UAFS
University of Arkansas at Little Rock	UALR
University of Arkansas at Monticello	UAM
University of Arkansas at Monticello - College of Technology - McGehee	UAM-CTM*
University of Arkansas at Monticello - Forest Echoes Technical Institute - Crossett	UAM-CTC*
University of Arkansas at Pine Bluff	UAPB
University of Arkansas for Medical Sciences	UAMS
University of Central Arkansas	UCA

* These institutions do not have Arkansas Higher Education Coordinating Board approved abbreviations.

APPENDIX B
Science and Technology Indicators
National Rankings of Peer States
March 2004

Metric	AR	AR Last Year	GA	IA	KY	NC	TN	TX	VA
Funding In-Flows									
R&D Expenditures/$1,000 of GSP	46	46	37	31	45	23	32	30	24
Industry R&D$/$1,000 of GSP	42	39	36	30	39	22	31	27	28
Federal R&D $/$1,000 of GSP	25	27	21	36	49	14	31	26	5
University R&D $/$1,000 of GSP	42	44	21	4	38	11	39	32	40
Federal Obligations for R&D/$1,000 of GSP	43	49	8	37	46	26	29	34	4
SBIR Awards/10,000 Businesses	50	48	35	48	46	33	32	24	6
SBIR Award$/$1,000 of GSP	48	47	39	45	47	30	33	29	7
STTR Awards/10,000 Businesses	40	37	34	47	30	22	14	35	2
STTR Award$/$1,000 of GSP	39	35	40	43	30	19	12	33	3
Human Resources									
NAEP Science Test Scores	--	30	28	n/a	17	25	26	28	17
NAEP Math Test Scores	36	--	30	n/a	25	13	32	21	16
% of Population Completing High School	39	40	37	12	40	43	43	50	25
% of Population with Bachelor's Degree	49	--	29	37	43	40	44	23	3
% Associate's Degrees Granted/Pop 18-24	44	45	50	6	40	32	48	46	38
% Bachelor's Degrees Granted/Pop 18-24	41	44	45	6	40	30	34	46	26
% S&E Bachelor's Granted /Bach's Granted	26	28	13	25	43	19	44	33	16
% S&E Grad Student/Pop 18-24	48	49	39	15	45	25	41	27	10
Computer Specialists/10,000 Workers	48	--	13	36	34	19	37	14	1
Life & Physical Scientists/10,000 Workers	37	--	44	43	48	11	36	25	15
Engineers/10,000 Workers	49	--	20	45	40	34	33	10	5
Recent S&E Bachelor's Degrees/10,000 Workers	n/a	--	23	16	28	2	26	21	9
Recent S&E PhDs/10,000 Workers	42	--	25	27	36	13	37	22	17
% of Workforce with Recent Bachelor's Degree (S&E)	--	50	26	31	42	2	36	23	19
% of Workforce with Recent Master's Degree (S&E)	--	43	19	44	39	24	40	21	4
% of Workforce with Recent PhD (S&E)	--	38	28	39	46	18	45	27	21
Capital Investment & Business Assistance									
Venture Capital Invested/$1,000 of GSP	39	43	8	46	45	7	29	10	14
SBIC Funds Disbursed/$1,000 of GSP	33	44	21	34	39	23	15	16	12
IPO FundsRaised/$1,000 of GSP	36	39	17	5	32	25	22	18	6
Business Incubators/10,000 Businesses	18	26	24	36	28	15	25	34	11
Technology Intensity of Business Base									
% Establishments in Tech Intensive SICs	45	45	13	46	44	24	35	17	4
% Employment in Tech Intensive SICs	38	39	34	26	23	27	24	20	3
% Payroll in Tech Intensive SICs	43	43	31	32	21	28	27	17	2
% Business Births in Tech Intensive SICs	49	47	13	46	42	25	38	21	1
Net Tech Intensive Formations/10,000 Estab.	34	36	21	44	46	22	41	38	2
Outcome Measures									
Patents Issues/10,000 Businesses	46	46	29	26	37	25	30	17	31
Inc 500 Companies/10,000 Businesses	38	35	4	16	40	39	11	10	2
FAST Companies/10,000 Businesses	34	33	19	34	34	12	30	16	4
Average Annual Earnings/Job	46	46	17	38	35	25	29	15	12
% Population Above Federal Poverty Level	47	50	34	5	32	37	40	45	9
Per Capita Personal Income	49	47	28	32	39	34	35	30	11
Labor Force Participation Rate	45	49	23	3	46	30	35	22	19
% of Workforce Employed	23	37	17	4	29	45	17	43	6
% of Households w/Computer	--	47	39	15	45	43	41	34	18
% of Households w/Internet Access	--	49	37	24	43	42	41	32	12
Median Ranking	**40**	**44**	**26**	**29**	**38**	**24**	**31**	**26**	**12**

LEGEND: R&D (Research & Development); GSP (Gross State Product); SBIR (Small Business Innovation Research); STTR (Small Business Technology Transfer Research); NAEP (National Assessment of Educational Progress); S&E (Science and Engineering); SBIC (Small Business Investment Company); IPO (Initial Public Offering); Tech Intensive SICs (28 of the 3-digit Standard Industrial Codes included in the Bureau of Labor Statistics' definition of high-technology industries) Inc 500 (Inc. Magazine's list of 500 privately held companies ranked on revenue growth over the last 5 years); FAST (Delloite & Touche ranking of the 500 fastest growing US technology companies over a 5-year period.

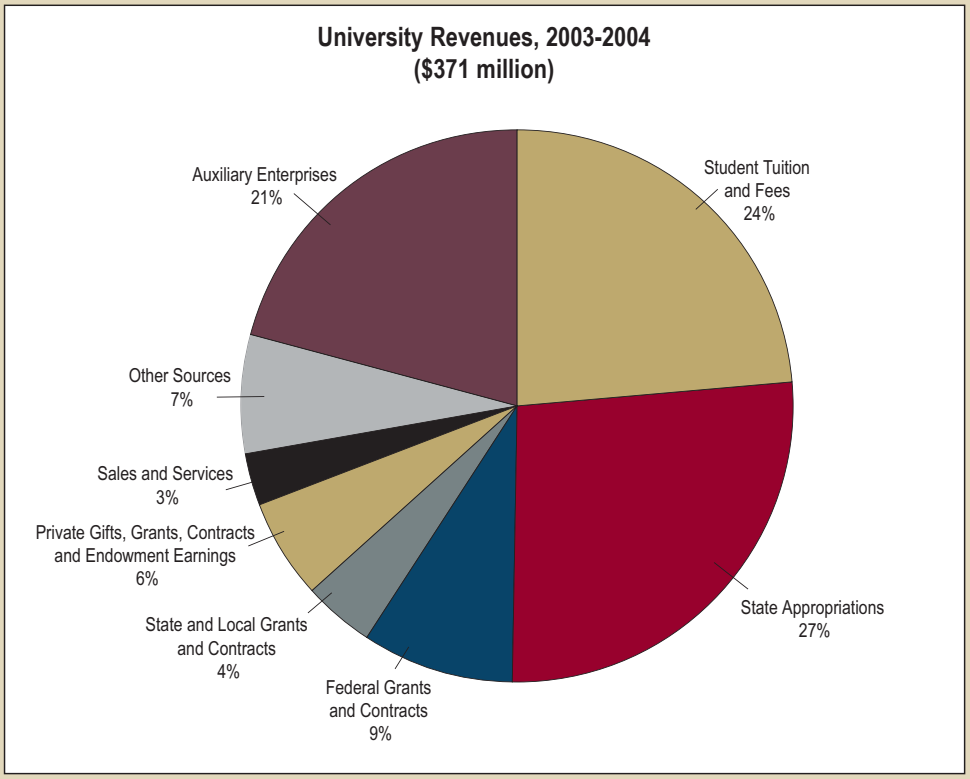
SOURCE: *The Dynamics of Technology-Based Economic Development:* State Science & Technology Indicators, Office of Technology Policy, US Department of Commerce, Washington, DC, March 2004

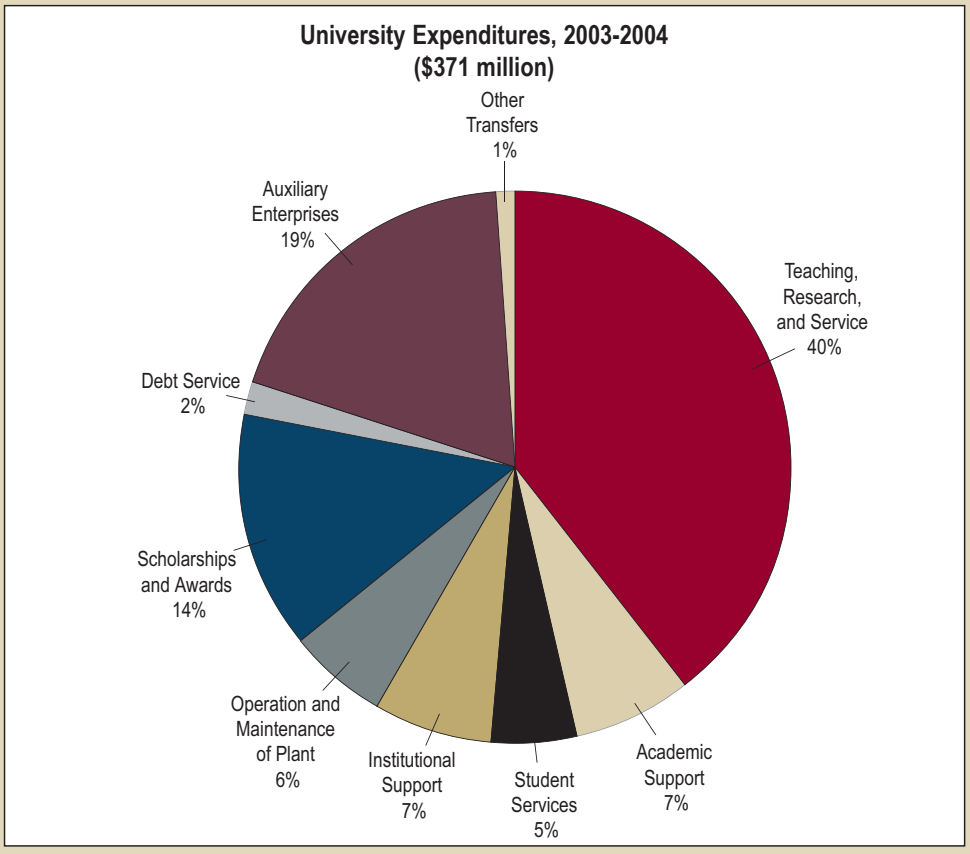
APPENDIX C
Milken Institute
"Science and Technology Index"
March 2004

Rank 2004	Rank 2002	State	Score 2004	Score 2002
1	1	Massachusetts	84.4	84.9
2	3	California	78.9	80.4
3	2	Colorado	78.8	80.6
4	4	Maryland	78.2	77.9
5	5	Virginia	72.3	73.3
6	6	Washington	69.9	71.8
7	7	New Jersey	69.0	70.0
8	10	Minnesota	67.5	65.9
9	9	Utah	66.5	68.3
10	8	Connecticut	66.3	68.6
11	21	Rhode Island	64.0	57.3
12	13	New Hampshire	63.4	63.4
13	11	Delaware	62.5	65.5
14	20	New Mexico	61.8	57.9
15	12	New York	60.7	64.5
16	16	Pennsylvania	60.4	59.8
17	18	Arizona	58.5	58.6
18	15	Georgia	58.1	60.2
19	23	Oregon	57.8	55.5
20	17	North Carolina	57.3	58.9
21	19	Illinois	56.6	58.4
22	31	Vermont	56.0	46.1
23	14	Texas	54.9	60.4
24	27	Ohio	54.2	49.2
25	24	Michigan	54.0	54.5
26	22	Kansas	53.1	56.9
27	25	Wisconsin	51.8	53.7
28	32	Nebraska	50.9	45.0
29	30	Indiana	50.7	46.1
30	26	Idaho	49.0	51.0
31	28	Missouri	48.1	47.5
32	29	Florida	44.5	46.5
33	36	Maine	43.5	40.5
34	40	Tennessee	42.8	39.5
35	37	Oklahoma	42.7	40.3
36	33	Alabama	42.4	45.0
37	35	Iowa	41.9	42.5
38	34	Montana	40.7	44.1
39	43	Hawaii	40.1	34.0
40	39	Alaska	39.9	39.5
41	38	Wyoming	38.7	39.5
42	44	Louisiana	36.7	32.5
43	42	Nevada	36.1	38.6
44	41	South Carolina	35.9	39.0
45	45	North Dakota	34.6	31.7
46	48	West Virginia	33.7	30.2
47	47	South Dakota	33.3	30.5
48	46	Kentucky	32.6	31.1
49	**50**	**Arkansas**	**29.5**	**22.8**
50	49	Mississippi	27.5	28.7

Source: The Milken Institute: State Technology and Science Index, *Enduring Lessons for the Intangible Economy*, March 2004
The Milken Institute: State Technology and Science Index, *Comparing and Contrasting California*, September 2002

APPENDIX D
University of Arkansas
Revenues and Expenditures





APPENDIX E
Fifty-four Public Research Universities

Including the University of Arkansas, benchmarking is performed for the following 54 national, public research universities:

Arizona State University
Auburn University
Clemson University
Colorado State University
Florida State University
Georgia Institute of Technology
Indiana University
Iowa State University
Kansas State University
Louisiana State University
Michigan State University
Mississippi State University
North Carolina State University
Ohio State University
Oklahoma State University
Oregon State University
Pennsylvania State University
Purdue University
Texas A&M University
Texas Tech University
University of Alabama
University of Arizona
University of Arkansas
University of California, Berkeley
University of California, Los Angeles
University of Colorado
University of Connecticut
University of Delaware
University of Florida
University of Georgia
University of Illinois, Urbana-Champaign
University of Iowa
University of Kansas
University of Kentucky
University of Maryland, College Park
University of Massachusetts, Amherst
University of Michigan
University of Minnesota
University of Mississippi
University of Missouri
University of Nebraska
University of North Carolina
University of Oklahoma
University of Oregon
University of Rhode Island
University of South Carolina
University of Tennessee
University of Texas
University of Virginia
University of Washington
University of Wisconsin
Virginia Polytechnic Institute and State University
Washington State University
West Virginia University

APPENDIX E
Fifty-four Public Research Universities

Academic Reputation

University	1997	2003	University	1997	2003	University	1997	2003
UC Berkeley	4.7	4.8	Florida	3.6	3.6	Florida State	3.1	3.1
Michigan	4.5	4.6	Colorado	3.7	3.5	North Carolina State	3.2	3.1
UCLA	4.3	4.3	Georgia	3.4	3.5	Auburn	3.1	3.0
Virginia	4.4	4.3	Michigan State	3.5	3.5	Kentucky	3.0	3.0
North Carolina	4.2	4.2	Texas A & M	3.5	3.5	Oklahoma	3.0	3.0
Wisconsin	4.3	4.2	Kansas	3.4	3.4	South Carolina	2.9	3.0
Texas	4.1	4.1	Oregon	3.4	3.4	Washington State	3.1	3.0
Georgia Tech	4.0	4.0	Virginia Tech	3.4	3.4	Colorado State	2.9	2.9
Illinois	4.2	4.0	Arizona State	3.3	3.3	Kansas State	2.9	2.9
Washington	4.0	3.9	Iowa State	3.4	3.3	Louisiana State	2.8	2.9
Indiana	3.8	3.8	Massachusetts	3.3	3.3	Oregon State	2.9	2.9
Minnesota	3.9	3.8	Missouri	3.3	3.3	**Arkansas**	**2.5**	**2.8**
Penn State	3.9	3.8	Connecticut	3.1	3.2	Mississippi	2.7	2.8
Purdue	3.8	3.8	Delaware	3.1	3.2	Rhode Island	2.9	2.8
Iowa	3.7	3.7	Nebraska	3.1	3.2	Oklahoma State	2.6	2.7
Maryland	3.7	3.7	Tennessee	3.2	3.2	Texas Tech	2.7	2.7
Ohio State	3.8	3.7	Alabama	2.6	3.1	West Virginia	2.8	2.7
Arizona	3.6	3.6	Clemson	3.0	3.1	Mississippi State	2.4	2.4

Source: US News & World Report, Best Colleges Edition - 1999, 2005

Undergraduate Acceptance Rates

University	1997	2003	University	1997	2003	University	1997	2003
UC Berkeley	31%	24%	Wisconsin	68%	65%	Colorado	83%	80%
UCLA	36%	24%	Texas A&M	73%	67%	Mississippi	78%	80%
North Carolina	37%	37%	Texas Tech	72%	67%	Indiana	83%	81%
Virginia	36%	39%	Kansas	61%	68%	Kentucky	78%	81%
Delaware	65%	42%	Virginia Tech	69%	69%	Louisiana State	79%	81%
Maryland	65%	43%	Rhode Island	79%	70%	Iowa	84%	82%
Texas	78%	47%	Michigan State	81%	71%	Massachusetts	73%	82%
Florida	67%	52%	Tennessee	76%	71%	Oklahoma	87%	82%
Connecticut	70%	53%	Washington	74%	71%	Oregon	90%	84%
Michigan	69%	53%	Ohio State	79%	72%	Arizona	82%	85%
Penn State	53%	55%	Georgia	73%	75%	**Arkansas**	**91%**	**85%**
Kansas State	66%	60%	Mississippi State	78%	75%	Alabama	81%	87%
Clemson	74%	61%	Minnesota	80%	76%	Arizona State	79%	88%
North Carolina State	75%	62%	Nebraska	81%	76%	Oregon State	97%	88%
Georgia Tech	61%	63%	Auburn	86%	78%	Missouri	80%	89%
Illinois	68%	63%	Washington State	88%	78%	Oklahoma State	88%	89%
Florida State	72%	64%	Colorado State	78%	79%	Iowa State	91%	90%
South Carolina	77%	64%	Purdue	89%	79%	West Virginia	93%	92%

Source: US News & World Report, Best Colleges Edition - 1999, 2005

APPENDIX E
Fifty-four Public Research Universities

ACT and ACT Equivalent "Mid-Range" Score

University	1997	2003	University	1997	2003	University	1997	2003
Georgia Tech	30.0	30.0	Oklahoma	25.0	26.0	Arizona	24.0	24.0
Virginia	29.0	30.0	Texas A&M	25.5	26.0	Arizona State	24.0	24.0
UC Berkeley	30.0	29.5	Washington	25.0	26.0	Colorado State	24.0	24.0
North Carolina	27.0	29.0	Colorado	25.0	25.5	Indiana	24.0	24.0
Florida	27.0	28.0	Missouri	26.5	25.5	Kansas	24.5	24.0
Illinois	27.5	28.0	Ohio State	24.0	25.5	Nebraska	24.0	24.0
Maryland	27.0	28.0	**Arkansas**	**23.5**	**25.0**	Oregon	24.0	24.0
Michigan	27.5	28.0	Florida State	24.5	25.0	Rhode Island	23.0	24.0
UCLA	28.0	29.0	Massachusetts	24.0	25.0	Texas Tech	23.0	24.0
Wisconsin	27.0	28.0	Minnesota	24.5	25.0	Alabama	24.0	23.5
Clemson	25.0	27.0	Purdue	24.0	25.0	Kansas State	23.0	23.5
Georgia	26.5	27.0	South Carolina	23.0	25.0	Mississippi State	23.5	23.5
North Carolina State	25.0	27.0	Auburn	24.0	24.5	Oklahoma State	25.0	23.5
Texas	26.0	27.0	Iowa	24.5	24.5	Tennessee	23.5	23.5
Virginia Tech	25.5	27.0	Iowa State	24.5	24.5	Mississippi	23.5	23.0
Penn State	27.0	26.5	Kentucky	24.5	24.5	Oregon State	23.0	23.0
Connecticut	24.0	26.0	Louisiana State	23.0	24.5	Washington State	23.0	23.0
Delaware	25.0	26.0	Michigan State	23.5	24.5	West Virginia	22.0	22.5

Source: US News & World Report, Best Colleges Edition - 1999, 2005

Average High School GPA

University	1997	2003	University	1997	2003	University	1997	2003
North Carolina	4.00	4.00	Oklahoma	3.47	3.59	Alabama	3.30	3.33
North Carolina State	3.69	4.00	Michigan State	3.40	3.58	Arizona	3.31	3.30
UCLA	4.00	4.00	Iowa	3.47	3.54	Massachusetts	3.09	3.30
Virginia	3.90	4.00	Oregon	3.30	3.54	West Virginia	3.11	3.30
Clemson	3.43	3.90	Penn State	3.70	3.54	Mississippi State	3.35	3.20
Florida	3.60	3.90	Colorado	3.10	3.52	Connecticut	N/A	N/A
UC Berkeley	3.87	3.90	Auburn	3.13	3.51	Illinois	3.53	N/A
Maryland	3.48	3.88	Colorado State	3.46	3.50	Indiana	N/A	N/A
Florida State	3.40	3.80	Delaware	3.20	3.50	Kansas State	N/A	N/A
South Carolina	3.40	3.77	Iowa State	3.45	3.50	Minnesota	N/A	N/A
Michigan	3.60	3.73	Oklahoma State	3.51	3.50	Missouri	N/A	N/A
Georgia Tech	3.70	3.70	Oregon State	3.44	3.50	Nebraska	N/A	N/A
Wisconsin	3.72	3.70	Louisiana State	3.15	3.49	Ohio State	N/A	N/A
Washington	3.60	3.67	Washington State	N/A	3.44	Purdue	N/A	N/A
Arkansas	**3.40**	**3.60**	Kansas	3.34	3.40	Rhode Island	N/A	N/A
Georgia	3.52	3.60	Tennessee	3.26	3.40	Texas	N/A	N/A
Kentucky	3.45	3.60	Mississippi	N/A	3.37	Texas A & M	N/A	N/A
Virginia Tech	3.49	3.60	Arizona State	3.28	3.36	Texas Tech	N/A	N/A

Source: College Comparison Worksheet, US News & World Report web site corresponding edition - 1999, 2005

APPENDIX E
Fifty-four Public Research Universities

Percent of Freshmen in Upper Decile in High School

University	1997	2003	University	1997	2003	University	1997	2003
UC Berkeley	95%	99%	Virginia Tech	33%	40%	Tennessee	24%	26%
UCLA	97%	97%	**Arkansas**	**28%**	**36%**	Louisiana State	27%	25%
Michigan	59%	90%	Oklahoma	32%	36%	Mississippi State	45%	25%
Virginia	80%	85%	Delaware	23%	35%	Nebraska	25%	25%
Florida	60%	79%	Mississippi	37%	35%	Oklahoma State	30%	25%
North Carolina	67%	70%	Arizona	33%	34%	Alabama	22%	24%
Texas	37%	69%	Minnesota	27%	33%	Colorado	25%	24%
Georgia Tech	N/A	58%	Ohio State	26%	33%	Iowa State	26%	24%
Illinois	53%	57%	Auburn	24%	31%	Indiana	23%	23%
Maryland	40%	56%	Connecticut	21%	30%	Oregon	19%	22%
Florida State	43%	55%	Washington State	40%	30%	Colorado State	23%	21%
Wisconsin	44%	55%	Missouri	34%	29%	Iowa	22%	21%
Texas A&M	47%	53%	Kansas	26%	28%	Texas Tech	26%	21%
Washington	37%	48%	Kentucky	23%	28%	West Virginia	23%	20%
Georgia	N/A	43%	Michigan State	21%	28%	Rhode Island	15%	19%
Penn State	48%	43%	Purdue	27%	27%	Oregon State	N/A	18%
Clemson	32%	42%	Arizona State	25%	26%	Massachusetts	16%	16%
North Carolina State	31%	40%	South Carolina	28%	26%	Kansas State	N/A	N/A

Source: US News & World Report, Best Colleges Edition - 1999, 2005

Freshman Retention Rates (4 Year Rolling Average)

University	1997	2003	University	1997	2003	University	1997	2003
Virginia	97%	97%	Purdue	86%	89%	Oklahoma	81%	83%
UCLA	95%	96%	Clemson	84%	89%	Oklahoma State	77%	82%
Michigan	94%	96%	Connecticut	87%	88%	Colorado State	82%	82%
UC Berkeley	94%	96%	Indiana	86%	88%	South Carolina	79%	82%
North Carolina	94%	95%	Virginia Tech	89%	87%	**Arkansas**	**73%**	**82%**
Florida	90%	92%	Florida State	84%	86%	Nebraska	75%	81%
Illinois	91%	92%	Ohio State	78%	86%	Texas Tech	75%	81%
Penn State	93%	92%	Iowa State	82%	84%	Mississippi State	77%	80%
Georgia	86%	92%	Missouri	83%	84%	Oregon State	77%	80%
Maryland	86%	92%	Massachusetts	79%	84%	Kansas	77%	80%
Texas	87%	91%	Minnesota	83%	84%	Rhode Island	76%	80%
Wisconsin	91%	91%	Washington State	84%	84%	Kentucky	78%	79%
Washington	90%	90%	Iowa	83%	83%	Kansas State	76%	78%
Georgia Tech	85%	90%	Alabama	81%	83%	West Virginia	78%	77%
Michigan State	85%	89%	Colorado	81%	83%	Arizona	76%	77%
North Carolina State	88%	89%	Louisiana State	80%	83%	Tennessee	77%	77%
Texas A&M	87%	89%	Oregon	78%	83%	Arizona State	71%	76%
Delaware	86%	89%	Auburn	80%	83%	Mississippi	74%	76%

Source: US News & World Report, Best Colleges Edition - 1999, 2005
UA average in USNEWS for 1997 reflected both native and transfer retention rates.

APPENDIX E
Fifty-four Public Research Universities

6-Year Graduation Rates

University	1997	2003	University	1997	2003	University	1997	2003
Virginia	92%	92%	Maryland	63%	70%	Oregon State	68%	60%
UCLA	79%	87%	Georgia Tech	68%	69%	Washington State	63%	60%
Michigan	82%	85%	Michigan State	66%	69%	Nebraska	46%	59%
UC Berkeley	81%	85%	Auburn	65%	68%	Oklahoma State	49%	59%
North Carolina	84%	83%	Colorado	65%	68%	Tennessee	56%	59%
Penn State	81%	82%	Missouri	58%	67%	Kansas	54%	58%
Illinois	79%	81%	Iowa State	60%	66%	Mississippi State	49%	58%
Wisconsin	73%	79%	Purdue	64%	66%	Louisiana State	47%	57%
Florida	64%	77%	Iowa	62%	65%	Kansas State	45%	56%
Texas A&M	69%	75%	Massachusetts	61%	64%	Mississippi	49%	56%
Delaware	70%	74%	Florida State	65%	63%	Rhode Island	64%	56%
Virginia Tech	74%	74%	North Carolina State	64%	63%	West Virginia	54%	56%
Clemson	70%	72%	Alabama	57%	62%	Arizona	52%	55%
Georgia	62%	72%	Colorado State	58%	62%	Minnesota	56%	54%
Indiana	67%	72%	Ohio State	57%	62%	Oklahoma	54%	54%
Texas	65%	71%	Kentucky	48%	61%	Texas Tech	44%	54%
Washington	69%	71%	Oregon	59%	61%	Arizona State	48%	52%
Connecticut	68%	70%	South Carolina	56%	61%	**Arkansas**	**42%**	**48%**

Source: US News & World Report, Best Colleges Edition - 1999, 2005

Student to Faculty Ratio

University	1997	2003	University	1997	2003	University	1997	2003
Washington	N/A	11:1	Kentucky	16:1	16:1	Alabama	17:1	19:1
Illinois	15:1	12:1	Nebraska	15:1	16:1	Indiana	21:1	19:1
Kansas State	15:1	12:1	UC Berkeley	17:1	16:1	Kansas	21:1	19:1
Delaware	15:1	13:1	Virginia	13:1	16:1	Michigan State	17:1	19:1
Georgia Tech	19:1	13:1	**Arkansas**	**14:1**	**17:1**	Oregon	16:1	19:1
Wisconsin	15:1	13:1	Colorado	22:1	17:1	Texas	21:1	19:1
Georgia	15:1	14:1	Mississippi State	16:1	17:1	Arizona	18:1	20:1
North Carolina	N/A	14:1	Penn State	19:1	17:1	Louisiana State	19:1	21:1
Ohio State	14:1	14:1	South Carolina	15:1	17:1	Mississippi	20:1	21:1
Clemson	17:1	15:1	Virginia Tech	16:1	17:1	Oklahoma	20:1	21:1
Iowa	16:1	15:1	Washington State	11:1	17:1	Oklahoma State	18:1	21:1
Michigan	15:1	15:1	Colorado State	20:1	18:1	Texas A & M	21:1	21:1
Minnesota	15:1	15:1	Connecticut	14:1	18:1	Texas Tech	20:1	21:1
North Carolina State	15:1	15:1	Maryland	13:1	18:1	West Virginia	18:1	21:1
Purdue	18:1	15:1	Massachusetts	18:1	18:1	Florida	20:1	22:1
Tennessee	17:1	15:1	Missouri	19:1	18:1	Florida State	24:1	22:1
Auburn	16:1	16:1	Rhode Island	15:1	18:1	Arizona State	20:1	23:1
Iowa State	19:1	16:1	UCLA	18:1	18:1	Oregon State	15:1	25:1

Source: College Comparison Worksheet, US News & World Report web site corresponding edition - 1999, 2005

APPENDIX E
Fifty-four Public Research Universities

Undergraduate Classes with Under 20 Students

University	1997	2003	University	1997	2003	University	1997	2003
UC Berkeley	56%	54%	Illinois	31%	38%	Texas	38%	33%
Missouri	25%	51%	Massachusetts	40%	38%	Florida State	34%	32%
North Carolina	41%	51%	Mississippi State	41%	37%	Louisiana State	31%	32%
Kansas State	51%	50%	Delaware	41%	36%	Nebraska	37%	32%
Minnesota	57%	50%	Georgia Tech	26%	36%	North Carolina State	32%	32%
UCLA	44%	50%	Purdue	23%	36%	Rhode Island	28%	32%
Michigan	48%	49%	West Virginia	37%	36%	Penn State	33%	30%
Virginia	45%	48%	Colorado State	17%	35%	Arizona	33%	29%
Iowa	N/A	46%	Iowa State	28%	35%	Kansas	43%	29%
Connecticut	N/A	44%	Maryland	33%	35%	Arizona State	28%	27%
Alabama	42%	43%	Mississippi	34%	35%	Oklahoma State	25%	27%
Colorado	48%	43%	Oklahoma	30%	35%	Auburn	40%	26%
Ohio State	41%	43%	Oregon State	42%	35%	Virginia Tech	23%	24%
Washington State	33%	43%	South Carolina	40%	35%	Clemson	39%	22%
Oregon	N/A	42%	Tennessee	36%	35%	Kentucky	38%	21%
Wisconsin	39%	42%	Washington	N/A	35%	Michigan State	N/A	21%
Arkansas	**42%**	**41%**	Georgia	31%	34%	Texas Tech	20%	21%
Indiana	36%	40%	Florida	30%	33%	Texas A & M	33%	19%

Source: US News & World Report, Best Colleges Edition - 1999, 2005

Undergraduate Classes with 50+ Students

University	1997	2003	University	1997	2003	University	1997	2003
Tennessee	9%	7%	Oklahoma	17%	14%	Arizona State	18%	18%
Rhode Island	9%	8%	Oregon	N/A	14%	Delaware	14%	18%
Illinois	19%	11%	Maryland	14%	15%	Ohio State	17%	18%
Iowa	N/A	11%	Massachusetts	15%	15%	Wisconsin	19%	18%
Kansas State	11%	11%	Minnesota	14%	15%	Indiana	17%	19%
South Carolina	16%	11%	Virginia	15%	15%	Iowa State	18%	19%
Arkansas	**10%**	**12%**	Washington	N/A	15%	Purdue	21%	19%
Clemson	8%	12%	Colorado State	30%	16%	Penn State	21%	20%
Kansas	10%	12%	Florida State	13%	16%	Georgia Tech	12%	21%
Missouri	22%	12%	Michigan	15%	16%	Mississippi	18%	21%
North Carolina	13%	12%	North Carolina State	14%	16%	UCLA	26%	22%
Georgia	13%	13%	Arizona	16%	17%	Virginia Tech	18%	22%
Alabama	12%	14%	Colorado	15%	17%	Florida	22%	23%
Auburn	8%	14%	Kentucky	10%	17%	Oregon State	22%	23%
Connecticut	N/A	14%	Oklahoma State	19%	17%	Michigan State	N/A	24%
Louisiana State	14%	14%	UC Berkeley	16%	17%	Texas Tech	21%	24%
Mississippi State	11%	14%	Washington State	27%	17%	Texas	18%	25%
Nebraska	14%	14%	West Virginia	17%	17%	Texas A & M	17%	25%

Source: US News & World Report, Best Colleges Edition - 1999, 2005

APPENDIX E
Fifty-four Public Research Universities

Resident Tuition, Non-Resident Tuition and Weighted Average Tuition 2004-05
(Ranked on Weighted Average Tuition)

University	Res. Tuition	Non Res. Tuition	Weighted Average	University	Res. Tuition	Non Res. Tuition	Weighted Average	University	Res. Tuition	Non Res. Tuition	Weighted Average
Michigan	$8,868	$26,854	$15,163	Auburn*	$5,020	$14,240	$8,431	Oklahoma*	$4,665	$12,183	$6,244
Penn State	$10,408	$20,336	$12,890	Missouri	$7,100	$16,547	$8,234	Texas Tech	$5,848	$13,588	$6,235
Delaware	$6,954	$16,640	$12,572	Oregon	$5,484	$16,914	$8,227	Texas A&M	$5,964	$13,704	$6,196
Rhode Island	$6,752	$18,338	$11,271	Michigan State	$7,396	$18,192	$8,152	Texas	$5,735	$14,435	$6,170
Minnesota	$8,029	$19,659	$11,053	Ohio State	$6,765	$17,352	$7,718	Tennessee	$4,748	$14,528	$6,117
Indiana	$6,777	$18,590	$10,675	UC Berkeley	$5,754	$22,710	$7,619	Arizona State	$4,064	$12,919	$6,101
Massachusetts*	$9,008	$17,861	$10,513	South Carolina	$6,356	$16,724	$7,600	**Arkansas**	**$5,135**	**$12,425**	**$6,010**
Clemson	$8,012	$15,610	$10,139	UCLA	$6,585	$23,541	$7,433	Colorado State*	$3,965	$14,552	$5,977
Connecticut	$7,308	$19,036	$10,123	Iowa State	$5,426	$15,128	$7,269	Alabama*	$4,320	$12,354	$5,927
Maryland	$7,410	$18,710	$10,122	West Virginia	$3,938	$12,060	$7,268	Mississippi*	$4,110	$9,264	$5,759
Colorado	$4,341	$21,453	$9,988	Washington	$5,380	$18,010	$7,022	Kansas State*	$4,664	$13,424	$5,540
Wisconsin	$5,860	$19,860	$9,920	North Carolina	$4,451	$17,549	$6,809	Georgia	$4,272	$15,588	$5,517
Virginia	$6,600	$22,700	$9,820	Oregon State*	$5,349	$17,775	$6,716	NC State	$4,294	$16,192	$5,246
Illinois*	$7,966	$20,886	$9,516	Kansas*	$4,737	$12,691	$6,646	Oklahoma State*	$4,296	$11,586	$5,244
Purdue	$6,092	$18,700	$9,244	Arizona	$4,098	$13,078	$6,612	Mississippi State	$4,106	$9,306	$5,146
Georgia Tech	$4,278	$17,558	$8,926	Washington State	$5,598	$14,016	$6,440	Louisiana State*	$4,316	$11,116	$4,996
Virginia Tech	$5,838	$16,531	$8,725	Nebraska	$5,340	$13,830	$6,359	Florida State	$3,038	$15,544	$4,664
Iowa	$5,396	$16,048	$8,698	Kentucky	$5,315	$12,095	$6,264	Florida*	$2,955	$15,827	$3,470

*Sources: US News & World Report's America's Best Colleges, Year 2005 Edition • *university web pages*

State Appropriations per Student
Fiscal Year 2004-05

University	State Approp. FY05 (000's)	Fall 2004 Head-count	State $ / Student	University	State Approp. FY05 (000's)	Fall 2004 Head-count	State $ / Student	University	State Approp. FY05 (000's)	Fall 2004 Head-count	State $ / Student
UCLA	$531,372	36,618	$14,511	Florida	$327,860	47,971	$6,835	Tennessee	$158,548	27,787	$5,706
UC Berkeley	$549,767	32,814	$16,754	Iowa State	$176,017	26,380	$6,672	Arizona State	$279,944	49,171	$5,693
North Carolina	$392,532	26,878	$14,604	Washington State	$153,299	23,241	$6,596	Virginia Tech	$145,344	25,629	$5,671
Georgia Tech	$180,417	16,837	$10,716	Ohio State	$335,153	50,995	$6,572	Rhode Island*	$79,244	14,749	$5,373
NC State	$284,471	29,958	$9,496	Michigan State	$287,516	44,836	$6,413	Oklahoma State	$126,381	23,626	$5,349
Georgia	$313,952	33,172	$9,464	Illinois	$250,939	40,059	$6,264	South Carolina	$131,139	25,311	$5,181
Minnesota	$458,444	50,954	$8,997	Purdue	$240,172	38,653	$6,214	Indiana	$195,251	37,821	$5,163
Texas Tech	$245,656	28,438	$8,638	Auburn	$140,128	22,928	$6,112	Clemson	$87,281	17,085	$5,109
Kentucky	$217,048	26,105	$8,314	Texas	$306,807	50,403	$6,087	Kansas	$136,646	26,980	$5,065
Washington	$325,122	39,199	$8,294	Alabama	$126,217	20,969	$6,019	Kansas State	$114,767	23,151	$4,957
Michigan	$320,662	39,533	$8,111	Mississippi State	$95,746	15,934	$6,009	Oklahoma	$117,713	24,569	$4,791
Maryland*	$282,356	34,933	$8,083	Virginia	$119,801	19,940	$6,008	Delaware	$100,415	21,238	$4,728
Wisconsin	$325,014	41,588	$7,815	Texas A&M	$261,865	44,521	$5,882	Mississippi	$62,561	13,508	$4,631
Iowa	$227,740	29,745	$7,656	Penn State	$241,612	41,289	$5,852	Oregon State	$80,300	19,200	$4,182
Florida State	$292,177	38,878	$7,515	Missouri	$156,525	27,088	$5,778	West Virginia	$102,231	25,255	$4,048
Arizona	$276,395	36,932	$7,484	**Arkansas**	**$99,386**	**17,269**	**$5,755**	Oregon	$59,781	20,250	$2,952
Massachusetts	$171,908	23,608	$7,282	Nebraska*	$125,339	21,792	$5,752	Colorado State	$72,212	25,382	$2,845
Connecticut	$196,976	27,094	$7,270	Louisiana State	$181,214	31,561	$5,742	Colorado	$56,539	29,756	$1,900

*Data Year: Fall 2004 headcount data; FY05 State Appropriation Data • Source of Appropriation Data: Grapevine (Illinois State Univ.), university web pages, interviews • Source of Headcount Data: university web pages, interviews • Notes: AES/CES Funding removed • *Prorated estimate of State appropriation*

APPENDIX E
Fifty-four Public Research Universities

Sum of State Appropriations and Tuition Resources 2004-05
(Ranked on Sum of State $ per Student and Weighted Average Tuition)

University	State $ / Student	Weighted Average	Sum	University	State $ / Student	Weighted Average	Sum	University	State $ / Student	Weighted Average	Sum
UCLA	$14,511	$7,433	$21,373	Washington	$8,294	$7,022	$15,316	Alabama	$6,019	$5,927	$11,946
UC Berkeley	$16,754	$7,619	$24,373	Clemson	$5,109	$10,139	$15,248	Colorado	$1,900	$9,988	$11,888
Michigan	$8,111	$15,163	$23,274	Georgia	$9,464	$5,517	$14,981	Tennessee	$5,706	$6,117	$11,823
North Carolina	$14,604	$6,809	$21,413	Texas Tech	$8,638	$6,235	$14,873	Arizona State	$5,693	$6,101	$11,794
Minnesota	$8,997	$11,053	$20,050	NC State	$9,496	$5,246	$14,742	Mississippi	$6,009	$5,759	$11,768
Georgia Tech	$10,716	$8,926	$19,642	Kentucky	$8,314	$6,264	$14,579	**Arkansas**	**$5,755**	**$6,010**	**$11,765**
Penn State	$5,852	$12,890	$18,742	Michigan State	$6,413	$8,152	$14,564	Kansas	$4,957	$6,646	$11,603
Maryland	$8,083	$10,122	$18,205	Auburn	$6,112	$8,431	$14,543	Oklahoma	$5,349	$6,244	$11,593
Massachusetts	$7,282	$10,513	$17,795	Virginia Tech	$5,671	$8,725	$14,396	Florida State	$6,835	$4,664	$11,498
Wisconsin	$7,815	$9,920	$17,735	Ohio State	$6,572	$7,718	$14,290	West Virginia	$4,048	$7,268	$11,316
Connecticut	$7,270	$10,123	$17,393	Arizona	$7,484	$6,612	$14,096	Oregon	$2,952	$8,227	$11,179
Delaware	$4,728	$12,572	$17,300	Missouri	$5,778	$8,234	$14,012	Florida	$7,515	$3,470	$10,985
Rhode Island	$5,373	$11,271	$16,643	Iowa State	$6,672	$7,269	$13,942	Oregon State	$4,182	$6,716	$10,898
Iowa	$7,656	$8,698	$16,355	Washington State	$6,596	$6,440	$13,036	Louisiana State	$5,742	$4,996	$10,738
Indiana	$5,163	$10,675	$15,838	South Carolina	$5,181	$7,600	$12,781	Kansas State	$5,065	$5,540	$10,605
Virginia	$6,008	$9,820	$15,828	Texas	$6,087	$6,170	$12,257	Oklahoma State	$4,791	$5,244	$10,035
Illinois	$6,264	$9,516	$15,781	Nebraska	$5,752	$6,359	$12,110	Mississippi State	$4,631	$5,146	$9,777
Purdue	$6,214	$9,244	$15,458	Texas A&M	$5,882	$6,196	$12,078	Colorado State	$2,845	$5,977	$8,822

Sources: US News & World Report's America's Best Colleges, Year 2005 Edition; Grapevine, (Illinois State University); SUG Data Exchange; university web pages; interviews

APPENDIX F
ADHE Funding Formula

Distribution of the Executive Recommendations for 2005-06
Fund a 2.7% Salary Increase, Raise to a Minimum of 75% of Recommendation and
Distribute Additional Funds on Percent of New Funds Remaining

		Four Year Institutions				
		ATU	UAFS	UALR	UAF	UCA
Total Needed Expenditures		$57,284,241	$44,011,109	$103,419,317	$194,493,388	$95,388,704
Less Tuition and Mandatory Fees		$22,940,840	$18,743,270	$36,394,100	$61,590,650	$37,731,900
State Appropriation Needed		$34,343,401	$25,267,839	$67,025,217	$132,902,738	$57,656,804
2004-05 State Funds (Without GIF)		$22,251,350	$18,172,375	$49,944,790	$99,385,939	$43,051,623
Increase		$12,092,051	$7,095,464	$17,080,427	$33,516,799	$14,605,181
Percent Change		54.34%	39.05%	34.20%	33.72%	33.92%
Percent of New Money		**11.12%**	**6.53%**	**15.71%**	**30.83%**	**13.44%**
Allocation of First Funds Available to Fund a 2.7% Pay Increase		**$398,538**	**$337,927**	**$942,461**	**$1,626,665**	**$733,218**
Current Appropriation Plus Raise Funds as a Percent of Recommendation		**65.95%**	**73.26%**	**75.92%**	**76.01%**	**75.94%**
Percent of Recommendation Funded	**Pct. of New $**					
Raise to a Minimum of 75.00%	**8.86%**	**$3,506,201**	**$778,504**	**$942,461**	**$1,626,665**	**$733,218**
Percent of Remaining New Money		**8.67%**	**6.38%**	**16.29%**	**32.19%**	**14.00%**
Change to Using Percent of Remaining New Money						
78.42%	9.45%	$3,561,423	$819,133	$1,046,257	$1,831,775	$822,440
79.92%	15.74%	$4,154,632	$1,255,581	$2,161,252	$4,035,110	$1,780,873
80.92%	19.93%	$4,549,197	$1,545,878	$2,902,876	$5,500,629	$2,418,363
82.36%	26.00%	$5,120,761	$1,966,402	$3,977,189	$7,623,571	$3,341,826
Total Appropriation Anticipated		$27,372,111	$20,138,777	$53,921,979	$107,009,510	$46,393,449
Percent of Need Realized		79.70%	79.70%	80.45%	80.52%	80.46%

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APPENDIX F (continued)
ADHE Funding Formula

Distribution of the Executive Recommendations for 2005-06
Fund a 2.7% Salary Increase, Raise to a Minimum of 75% of Recommendation and
Distribute Additional Funds on Percent of New Funds Remaining

		Four Year Institutions					Total
		UAM	ASUJ	SAUM	HSU	UAPB	
Total Needed Expenditures		$25,298,253	$98,482,106	$28,190,775	$33,998,917	$35,254,414	$715,821,223
Less Tuition and Mandatory Fees		$9,769,550	$36,135,730	$10,920,920	$13,255,210	$12,246,800	$259,728,970
State Appropriation Needed		$15,528,703	$62,346,376	$17,269,855	$20,743,707	$23,007,614	$456,092,253
2004-05 State Funds (Without GIF)		$11,722,797	$50,303,266	$14,188,571	$17,637,289	$20,725,897	$347,383,897
Increase		$3,805,906	$12,043,110	$3,081,284	$3,106,418	$2,281,717	$108,708,356
Percent Change		32.47%	23.94%	21.72%	17.61%	11.01%	27.86%
Percent of New Money		**3.50%**	**11.08%**	**2.83%**	**2.86%**	**2.01%**	**100.00%**
Allocation of First Funds Available to Fund a 2.7% Pay Increase		**$217,986**	**$893,072**	**$239,138**	**$309,309**	**$384,313**	**$6,082,626**
Current Appropriation Plus Raise Funds as a Percent of Recommendation		**76.90%**	**82.12%**	**83.54%**	**86.52%**	**91.75%**	**77.50%**
Percent of Recommendation Funded	**Pct. of New $**						**New Funds Distributed**
Raise to a Minimum of 75.00%	**8.86%**	**$217,986**	**$893,072**	**$239,138**	**$309,309**	**$384,313**	**$9,630,866**
Percent of Remaining New Money		**3.62%**	**11.25%**	**2.87%**	**2.82%**	**1.92%**	**100.00%**
Change to Using Percent of Remaining New Money							
78.42%	9.45%	$241,063	$964,786	$257,418	$327,299	$396,517	**$10,268,110**
79.92%	15.74%	$488,957	$1,735,158	$453,786	$520,555	$527,611	**$17,113,516**
80.92%	19.93%	$653,841	$2,247,561	$584,398	$649,097	$614,807	**$21,666,646**
82.36%	26.00%	$892,691	$2,989,825	$773,601	$835,302	$741,118	**$28,262,284**
Total Appropriation Anticipated		$12,615,488	$53,293,091	$14,962,172	$18,472,591	$21,467,015	**$375,646,181**
Percent of Need Realized		81.24%	85.48%	86.64%	89.05%	93.30%	**82.36%**

APPENDIX G

2003 Freshman National Merit Scholars

This table shows the 48 public colleges and universities enrolling the largest numbers of freshman National Merit Scholars named in 2003. Overall, 8,254 freshman National Merit Scholars were enrolled in the fall of 2003 -- 4,870 at 220 private colleges and universities and 3,384 at 140 public institutions.

Ranking Among Publics	Institution	% of Cohort Freshmen
1	U. of Oklahoma	4.78
2	U. of North Carolina, Chapel Hill	4.07
3	U. of Texas, Austin	3.98
4	Georgia Institute of Technology	3.46
5	U. of Florida	3.43
6	U. of California, Los Angeles	3.02
7	U. of Texas, Dallas	2.96
8	Arizona State U.	2.55
9	Texas A&M U.	2.14
10	U. of California, Berkeley	1.86
11	Iowa State U.	1.78
12	**U. of Arkansas**	**1.73**
13	U. of California, San Diego	1.55
14	Ohio State U.	1.46
15	U. of Georgia	1.45
16	Purdue U.	1.44
16	Mississippi State U.	1.44
18	U. of Nebraska, Lincoln	1.43
19	U. of Mississippi	1.34
20	U. of South Carolina, Columbia	1.31
21	U. of Kansas	1.26
22	U. of Kentucky	1.23
23	U. of Maryland, College Park	1.21
24	Clemson U.	1.20
25	U. of Alabama, Tuscaloosa	1.15
26	U. of Michigan, Ann Arbor	1.07
26	U. of Virginia	1.07
28	U. of Arizona	1.02
28	U. of Utah	1.02
30	Miami U. (Ohio)	.98
31	U. of Washington	.92
32	U. of Houston	.87
33	Michigan State U.	.86
34	U. of Minnesota, Twin Cities	.78
35	Auburn U.	.76
36	North Carolina State U.	.74
37	U. of Tennessee, Knoxville	.68
38	Kansas State U.	.65
39	U. of California, Irvine	.62
40	Louisiana State U., Baton Rouge	.60
41	U. of Central Florida	.58
42	U. of Iowa	.57
42	Bowling Green State U.	.57
44	U. of Wisconsin, Madison	.50
45	U. of South Florida	.49
46	U. of Illinois, Urbana-Champaign	.48
47	Virginia Tech	.43
48	Pennsylvania State U., University Park	.43
U of A overall ranking among top 48 public institutions sorted by percent of cohort freshmen		**12**

Ranking Among Publics	Institution	Total 2003
1	U. of Texas, Austin	258
2	U. of Florida	224
3	Arizona State U.	176
4	U. of Oklahoma	170
5	U. of North Carolina, Chapel Hill	143
6	Texas A&M U.	137
7	U. of California, Los Angeles	125
8	Ohio State U.	93
8	Purdue U.	93
10	Georgia Institute of Technology	77
11	U. of Georgia	75
12	Iowa State U.	69
13	U. of California, Berkeley	67
14	Michigan State U.	60
15	U. of Michigan, Ann Arbor	59
15	U. of Arizona	59
17	U. of California, San Diego	56
18	U. of Nebraska, Lincoln	52
19	U. of Kansas	50
20	U. of Maryland, College Park	49
21	U. of South Carolina, Columbia	45
21	U. of Kentucky	45
23	U. of Washington	44
24	**U. of Arkansas**	**40**
24	U. of Minnesota, Twin Cities	40
26	U. of Alabama, Tuscaloosa	35
27	Clemson U.	33
27	U. of Virginia	33
27	Miami U. (Ohio)	33
27	U. of Central Florida	33
27	U. of Illinois, Urbana-Champaign	33
32	U. of Mississippi	32
32	Louisiana State U., Baton Rouge	32
34	U. of Texas, Dallas	31
35	North Carolina State U.	29
36	Auburn U.	28
36	U. of Wisconsin, Madison	28
38	U. of Houston	27
39	U. of California, Irvine	25
40	Mississippi State U.	24
40	U. of Tennessee, Knoxville	24
42	U. of Utah	23
42	U. of Iowa	23
44	U. of South Florida	21
44	Virginia Tech	21
46	Kansas State U.	20
46	Bowling Green State U.	20
46	Pennsylvania State U., University Park	20
U of A overall ranking among top 48 public institutions sorted by number of scholars		**24**

SOURCES: The Chonicle of Higher Education, April 9, 2004, Cohort Freshman Enrollment, IPEDS, NCES, first-time, full-time, degree-seeking students

APPENDIX H

Making the Case Projections for the University and Actual Growth in Selected Fields

Making the Case Base Year									
	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	Goal FY10
Actual									
Enrollment (Headcount)	14,740	15,060	15,226	15,396	15,795	16,035	16,449	17,269	
Enrollment (FTE)	13,538	13,637	13,935	14,011	14,487	14,624	14,997		
Tuition Revenue ('000s)	$47,036	$57,121	$61,193	$71,733	$75,570	$80,859	$89,805		
State Appropriation ('000s)	$84,163	$86,321	$92,611	$94,917	$96,420	$92,874	$97,338	$99,386	
Other Revenues ('000s)	$17,301	$17,558	$31,096	$28,950	$25,211	$28,566	$21,610		
Total Resources ('000s)	$148,500	$161,000	$184,900	$195,600	$197,200	$202,300	$208,800		
2001 Projections									
Enrollment (Headcount)			15,226	15,832	16,463	17,118	17,800	18,509	22,500
Enrollment (FTE)			13,935	14,439	15,014	15,612	16,234	16,880	20,519
Tuition Revenue ('000s)			$61,193	$66,900	$73,140	$79,962	$87,420	$95,573	$149,270
State Appropriation ('000s)			$92,611	$99,647	$107,218	$115,363	$124,128	$133,559	$192,611
Other Revenues ('000s)			$31,096	$32,163	$33,196	$34,179	$35,099	$35,938	$38,120
Total Resources ('000s)			$184,900	$198,711	$213,553	$229,504	$246,647	$265,070	$380,000
Base Year for Gap Analysis = FY00									

The Gap Between Projected Growth and Actual Growth

	FY01 ('000s)	FY02 ('000s)	FY03 ('000s)	FY04 ('000s)	FY05 ('000s)
Enrollment (Headcount)	(436)	(668)	(1,083)	(1,351)	(1,240)
Enrollment (FTE)	(428)	(527)	(988)	(1,237)	
Amount Above Tuition & Fee Projected Growth	$4,832	$2,429	$898	$2,385	
Amount Below State Appropriation Projected Growth	($4,730)	($10,798)	($22,489)	($26,790)	($34,173)
Amount Below Unrestricted E&G Rev. Projected Growth	($3,111)	($16,353)	($27,204)	($37,847)	

Sources: Headcount (Registrar's Enrollment Report); FTE (ADHE SSCH Report, Table 3, annualized);
State Appropriation (Grapevine, UA Budget Office/GenRev+EETF); Total Resources (Financial Report Supporting Schedules, C.1 Total Unrestricted E&G Revenues).
Tuition Revenue (UA Financial Statements 2000-01, p. 4 & 2001-02, p. Exhibit C.1, p. 2).

APPENDIX I

UA Market Share of Arkansas High School Graduates Who Scored 31 or Above on the ACT

			1997	1998	1999	2000	2001	2002	2003
State of Arkansas High School Graduates	Public	Public High School Graduates [1]	25,123	27,147	26,896	27,335	27,100	27,066	27,555
		First-Time Full-Time at an Arkansas Public University/College [1]	14,468	15,190	15,820	15,222	16,104	16,105	16,758
		College Going Rate	57.6%	56.0%	58.8%	55.7%	59.4%	59.5%	60.8%
	Public & Private	Scored 31 or Above on the ACT [2]	398	431	361	487	409	407	417
Arkansas Public and Private High Schools									
Arkansas High School Graduates Who Did Not Enroll in an Arkansas Public University/College		Scored 31 or Above on the ACT [3]	203	188	180	243	160	115	143
		% Scored 31 or Above on ACT	51.0%	43.6%	49.9%	49.9%	39.1%	28.3%	34.3%
Arkansas High School Graduates Who Enrolled in an Arkansas Public University/College and Scored 31 or Above on the ACT		Scored 31 or Above on the ACT [4]	195	243	181	244	249	292	274
		% Scored 31 or Above on the ACT	49.0%	56.4%	50.1%	50.1%	60.9%	71.7%	65.7%
		Enrolled at the UA [4]	88	158	115	162	142	151	163
		UA Market Share	45.1%	65.0%	63.5%	66.4%	57.0%	51.7%	59.5%
Arkansas High School Graduates Who Scored 31 or Above on the ACT		Scored 31 or Above on the ACT [2]	398	431	361	487	409	407	417
		Enrolled at the UA [4]	88	158	115	162	142	151	163
		UA Market Share	22.1%	36.7%	31.9%	33.3%	34.7%	37.1%	39.1%
		Enrolled Out of State [5]	79	49	54	58	45	47	40
		% Enrolled Out of State	19.9%	11.4%	15.0%	11.9%	11.0%	11.5%	9.6%

Notes:

[1] ADHE, Table 9 Arkansas College Going Rate History 1980-2003

[2] America College Testing (ACT), High School Class Profile

[3] Number from ACT High School Profile minus the number from ADHE ad hoc request that enrolled in an Arkansas public university/college

[4] AHEIS Student Information System, ADHE ad hoc request

[5] America College Testing (ACT), ad hoc request

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